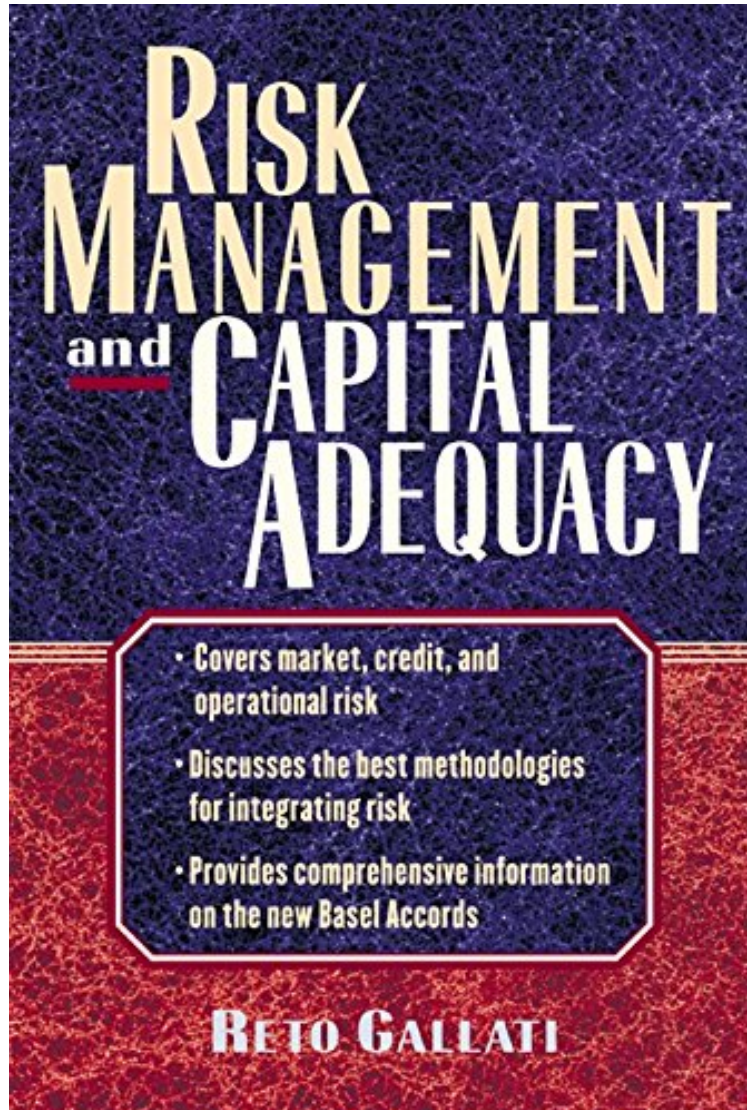


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Risk Management and Capital Adequacy

Reto Gallati

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Reto Gallati : Risk Management and Capital Adequacy before purchasing it in order to gage whether or not it would be worth my time, and all praised Risk Management and Capital Adequacy:

7 of 9 people found the following review helpful. A handbook for all Risk ProfessionalsBy A CustomerThis book offers comprehensive coverage of market, credit and operational risks in all aspects. It covers the technical modeling and its interplay with the external regulations by which an integrated risk approach is governed. It includes a critical review of the current regulatory environment and analyses the different proposals for the next Bank of International Settlements (BIS) accord, now scheduled for 2005.Attention is given to different measurement approaches of market, credit and operational risks as well as the key assumptions and conditions for an integrated approach as required in the

coming Basel Accord. More specifically, it provides a framework for the design, operation, viewing the policies, methodologies, data collection and infrastructure use to support risk management. I very much enjoyed reading this book. It covers with great competence all the aspects of risk management. The emphasis placed on risk control and the building blocks for a successful integration of all three risk types is highlighted in the light of recent events. I recommend this book to all academics and professionals and also encourage its use in graduate course in risk management bank management.

Under the new Basle Guidelines, all financial institutions subject to local banking laws will soon be required to operate under dramatically different risk exposure rules. Risk Management and Capital Adequacy provides details on the key risk approaches under these new guidelines and is the first book to analyze if and how they can be integrated. From conceptual frameworks to analyses of models and approaches, it provides a solid reference source for the information that everyone in risk management will soon need to know.

From the Back Cover A Step-by-Step Approach for Integrating Market, Credit, and Operational Risk Management-- While Complying with New Basel Accord Guidelines For financial institutions around the world, the work involved in managing market, credit, and operational risk exposures--as well as the capital required to support such exposures--will change dramatically under the new Basel Accord guidelines. Risk Management and Capital Adequacy is the first book to examine how institutions can streamline programs by, wherever possible, integrating and simplifying risk management strategies and techniques. From analyses of the latest models and frameworks to case studies and examples of the devastating effects of unfocused or insufficient risk management, this in-depth examination reveals: Building blocks for constructing an integrated, effective risk management framework The three pillars of the Basel Accord--and what institutions must do to comply with each Details behind financial disasters, from LTCM to Barings, and how they could have been prevented While banks have an institutional interest in managing risk exposures, they also have a competitive interest in minimizing the capital required to offset those exposures. Risk Management and Capital Adequacy is the first book to outline an integrative framework for managing risks, and complying with the Basel Accord requirements, in the most cost-effective, capital-efficient, and competitively sound possible ways. The effective management of risk is a front-and-center topic for financial institutions. Charged with meeting everything from the newly fluid realities of global markets to the inflexible requirements of the Basel Accords, institutions are finding they must replace formalized and normative approaches with new types of risk management. These programs must be detailed enough to address the risks of today's dynamic markets yet adaptable enough to meet the needs of individual institutions and their requirements--while at the same time allowing decision-makers to demonstrate their willingness and capability to effectively handle unseen risk and increase shareholder value. Risk Management and Capital Adequacy examines and explains today's key approaches for understanding and managing market, credit, and operational risk. The first book to provide practitioners with straightforward and hands-on techniques for integrating key risk management approaches, this all-inclusive resource covers topics such as: The history of modern risk management Regulatory mechanisms for managing risk Conceptual approaches for modeling market, credit, and operational risk Modern Portfolio Theory and the Capital Asset Pricing Model Uses and limitations of Value at Risk The BIS risk-based capital requirement framework KMV's credit monitor model Differences in credit versus market risk models KPMG's Loan Analysis System and other risk-neutral valuation approaches Products with inherent credit risks Capital adequacy issues from regulatory and industry perspectives Basel Committee on Banking Supervision and the New Basel Capital Accord Case studies of Metallgesellschaft, Sumitomo, LTCM, and Barings Under the new Basel guidelines, all financial institutions subject to local banking laws will be required to adopt and operate under dramatically different risk exposure rules and guidelines. Risk Management and Capital Adequacy provides banking executives with an integrated risk management framework that is as seamless to implement as it is self-explanatory and complete. It is today's most across-the-board examination of where risk management stands today, which rules and guidelines are likely to change in the future, and how institutions can establish programs that meet risk management imperatives, limit risk capital requirements, and provide for the integration of risk management to cover the global spectrum of today's financial arena. About the Author Reto Gallati, Ph.D., is deputy chief risk officer at Putnam Investments. A visiting professor at MIT's Sloan School of Management, Dr. Gallati has also worked in risk management at KPMG, Goldman Sachs, and Credit Suisse and has been an instructor at Boston University, Harvard, and the University of Zurich.