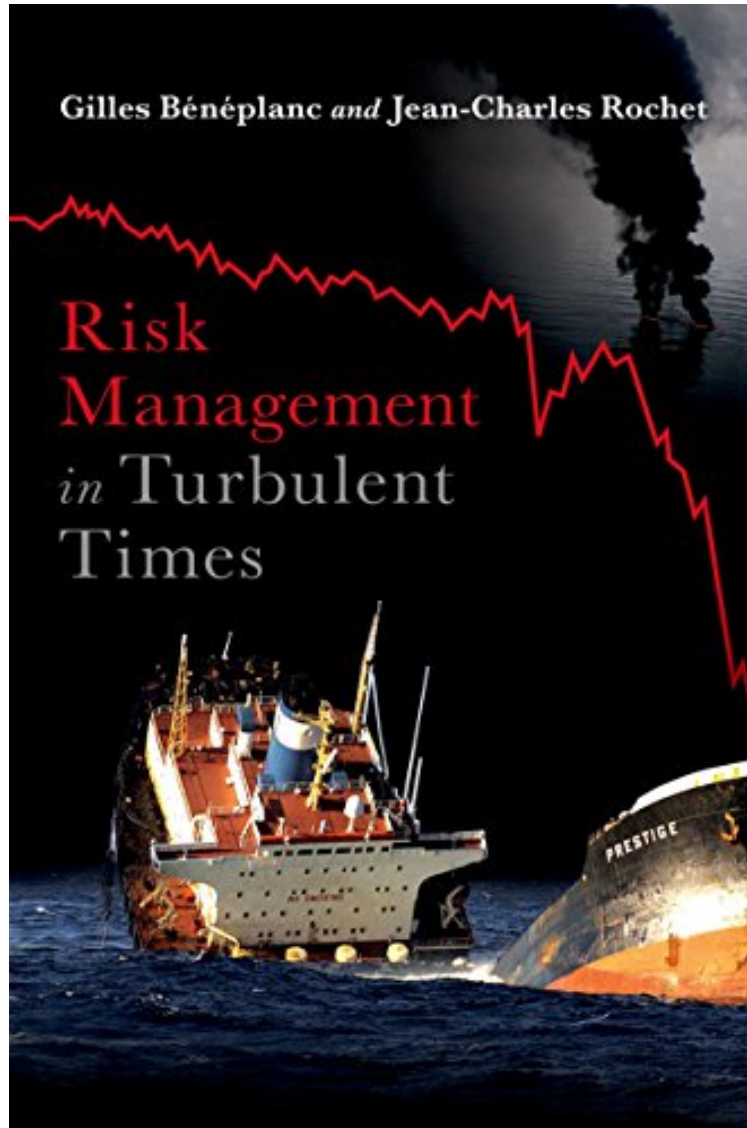


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Gilles Beneplanc, Jean-Charles Rochet : Risk Management in Turbulent Times before purchasing it in order to gauge whether or not it would be worth my time, and all praised Risk Management in Turbulent Times:

The subprime crisis has shown that the sophisticated risk management models used by banks and insurance companies had serious flaws. Some people even suggest that these models are completely useless. Others claim that the crisis was just an unpredictable accident that was largely amplified by the lack of expertise and even naivety of many investors.

This book takes the middle view. It shows that these models have been designed for "tranquil times", when financial markets behave smoothly and efficiently. However, we are living in more and more "turbulent times": large risks materialize much more often than predicted by "normal" models, financial models periodically go through bubbles and crashes. Moreover, financial risks result from the decisions of economic actors who can have incentives to take excessive risks, especially when their remunerations are ill designed. The book provides a clear account of the fundamental hypotheses underlying the most popular models of risk management and show that these hypotheses are flawed. However it shows that simple models can still be useful, provided they are well understood and used with caution.

"This book is a breath of fresh air in the field of risk management. By bringing together one of the best research economists in the world with a top risk management practitioner, the book offers the reader deep insights into the theory and practice of risk management and its effect on firm value and financial stability. The final chapter on 'What To Do' is a must read. This book will become required reading for students of finance and economics, for private sector practitioners and for policy makers and economists concerned with financial stability."--Hyun Song Shin, Hughes-Rogers Professor of Economics, Princeton University

"After a financial crisis of the magnitude of the 2008-2009 crisis, it is normal to see a lot of soul searching going on in financial markets. This book is an important contribution to this movement. Gilles Beacuteneacute;planc and Jean-Charles Rochet give a remarkable analysis of the difficulties of risk management in times of crisis. But contrary to many, they do not stop at the criticisms but propose interesting ways to move ahead. They introduce a healthy skepticism towards the approach to let models decide what the risks are, and at the same time they show how one can greatly improve them by introducing common sense and sophisticated mathematics in their construction, like extreme value theory. This book will be invaluable reading for both practitioners and academics that deal with risk management and risk-modeling."--Michel Dacorogna, Group Deputy Chief Risk Officer, SCOR SE

"Coming out of the financial crisis, teaching as well as practice of risk management have shown numerous weaknesses. This book puts the record straight! The authors present a wonderful balance between theory-practice, banking-insurance, quantitative-qualitative. Their findings are summarized through the novel notion of Shareholder Value Function. The result is a true gem, a book that will appeal to many and needs to be read by all with an interest in (corporate) risk management."--Paul Embrechts, RiskLab, ETH Zurich

About the Author
Gilles Beacuteneacute;planc is the Head of Europe, Middle East, and Africa region for the Mercer consulting firm.
Jean-Charles Rochet is Professor of Mathematics and Economics at the University of Toulouse.