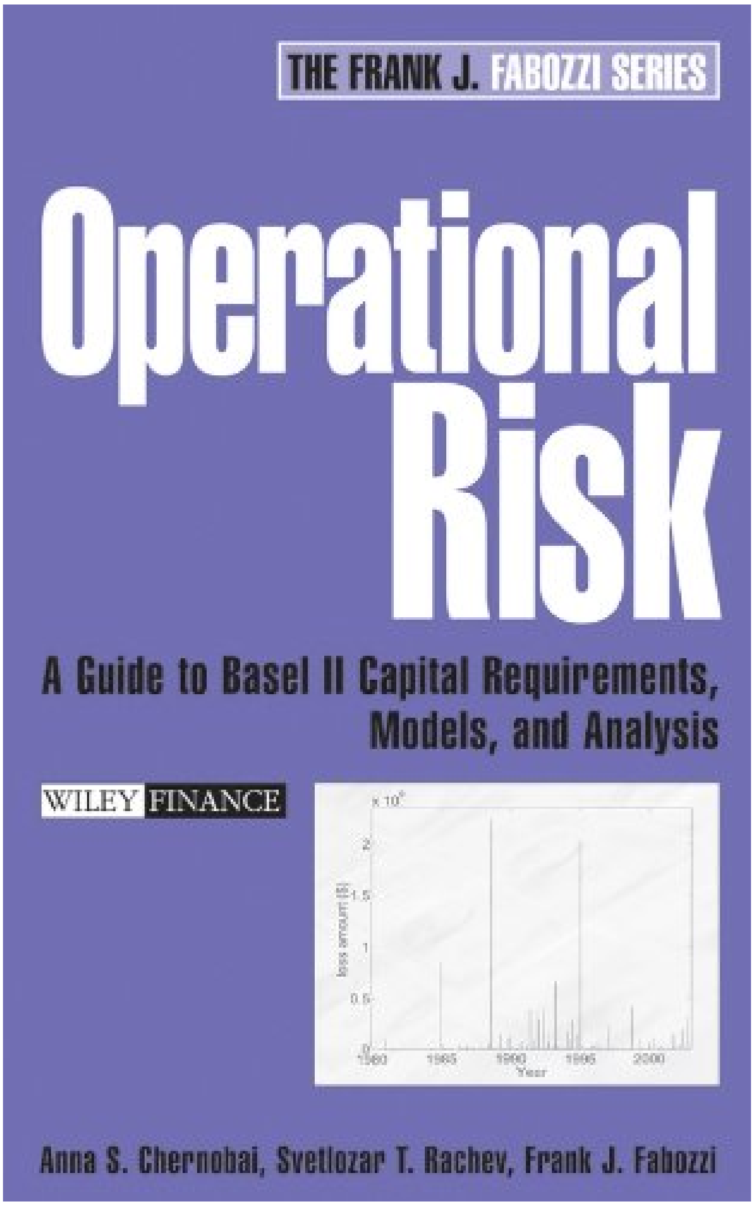
Operational Risk: A Guide to Basel II Capital Requirements, Models, and Analysis (Frank J. Fabozzi Series)

Anna S. Chernobai, Svetlozar T. Rachev, Frank J. Fabozzi



Anna S. Chernobai, Svetlozar T. Rachev, Frank J. Fabozzi : Operational Risk: A Guide to Basel II Capital Requirements, Models, and Analysis (Frank J. Fabozzi Series) before purchasing it in order to gage whether or not it would be worth my time, and all praised Operational Risk: A Guide to Basel II Capital Requirements, Models, and Analysis (Frank J. Fabozzi Series):

1 of 1 people found the following review helpful. The quantitative side of operational riskBy LJ HaasbroekChernobai provides a useful overview of the aspect you should be familiar with when modeling OR capital under the advanced measurement approach. Aspects covered are a brief introduction to the OR related parts from the Basel II capital accord, technical discussions on fitting standard statistical distributions to empirical loss frequency and severity distributions, using these to obtain the loss distribution per business line/event type grouping, and methods to aggregate these loss distributions. These technical parts are covered in sufficient detail with ample references to recent published work including many of the authors' own publications.However the book has some shortcomings possibly due to the academic slant thereof. It ignores the qualitative component to OR modeling which is increasingly being recognized as important to reduce the degree of "leap of faith" modeling when modeling with sparse OR extreme events. Also excluded is the use of external data and the related data scaling methods. It also ignores the quantification of the risk control environment and use thereof in capital modeling through hypothetical scenario data, and as a tool to allocate capital to business units below the level at which you modeled. These topics are all related to OR modelling and should be in scope given the book's title.Overall, taking into account the fledgling status of OR capital modelling, if you are involved with maintaining, enhancing or developing analytics to produce OR capital you should benefit greatly from this book.1 of 1 people found the following review helpful. Great Introduction to Operational RiskBy Fabio GotoGreat book as an introduction to operational risk modelling under Basel II. There is a single introductory chapter on operational risk management, which makes the book a little to focused on modelling techniques.New techniques have been developed ever since, but it is still a great introduction for those who are not interested in a deep understanding.1 of 4 people found the following review helpful. Operational Risk: A guide to Basel II Capital Requirements Models, and AnalysisBy Agha Syed Alamdar AliFrank J. Fabozzi does not need an introduction to the students of Finance. He has great contributions to the literature of finance in the fields of Money Market, Capital market, and issues relating to governing the finance within a financial instituion.The field of operational risk has gained great importance in finance since the last decade. Keeping in view the shift in world focus over the analytical issue in finance with an enhanced focus on executing the financial transaction at pace with improved economic interest in the recent depression era, a new phenomenon of "Controlling the Pace of Finance" is emerging with greater importance on controlling the phenomenon through enhanced Operational Risk controls..!Being a topic in its adolescence Dr. Fabozzi and his co-authors has given valid explanations for the development of this issue and its role in the recent efforts to control the activities of Financial Institutions with good references from the Basel II Capital Accord and concise references from the existing literature of finance concerning the issue.The book is of great use for the practitioners of finance who are changing their focus towards operational risk, and also for the students who are beginning their advanced studies in the strange present scenario of world "Micro Financial Economics"...!I really congratulate all readers who will benefit from the Book. The authors really deserve a round of applause!

While operational risk has long been regarded as a mere part of "other" risks--outside the realm of credit and market risk--it has quickly made its way to the forefront of finance. In fact, with implementation of the Basel II Capital Accord already underway, many financial professionals--as well as those preparing to enter this field--must now become familiar with a variety of issues related to operational risk modeling and management. Written by the experienced team of Anna Chernobai, Svetlozar Rachev, and Frank Fabozzi, Operational Risk will introduce you to the key concepts associated with this discipline. Filled with in-depth insights, expert advice, and innovative research, this comprehensive guide not only presents you with an abundant amount of information regarding operational risk, but it also walks you through a wide array of examples that will solidify your understanding of the issues discussed. Topics covered include: The main challenges that exist in modeling operational risk. The variety of approaches used to model operational losses. Value-at-Risk and its role in quantifying and managing operational risk. The three pillars of the Basel II Capital Accord. And much more.