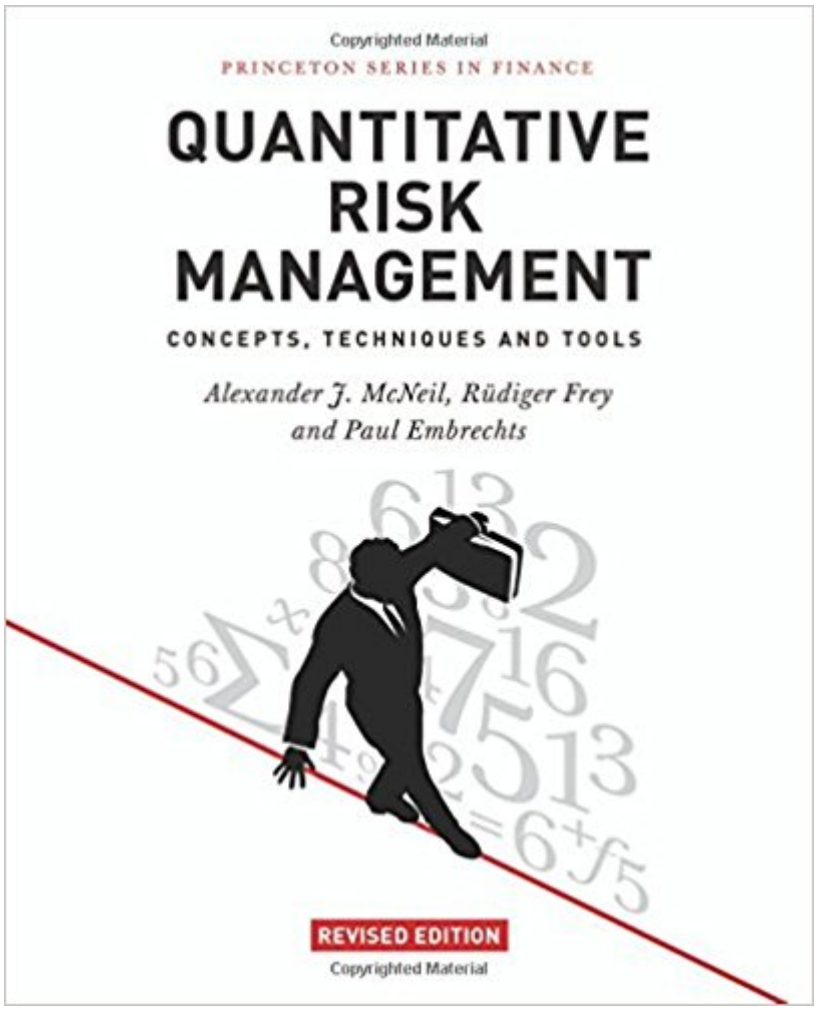
Quantitative Risk Management: Concepts, Techniques And Tools (Princeton Series In Finance)



Synopsis

This book provides the most comprehensive treatment of the theoretical concepts and modelling techniques of quantitative risk management. Whether you are a financial risk analyst, actuary, regulator or student of quantitative finance, Quantitative Risk Management gives you the practical tools you need to solve real-world problems.Describing the latest advances in the field, Quantitative Risk Management covers the methods for market, credit and operational risk modelling. It places standard industry approaches on a more formal footing and explores key concepts such as loss distributions, risk measures and risk aggregation and allocation principles. The book's methodology draws on diverse quantitative disciplines, from mathematical finance and statistics to econometrics and actuarial mathematics. A primary theme throughout is the need to satisfactorily address extreme outcomes and the dependence of key risk drivers. Proven in the classroom, the book also covers advanced topics like credit derivatives.Fully revised and expanded to reflect developments in the field since the financial crisisFeatures shorter chapters to facilitate teaching and learningProvides enhanced coverage of Solvency II and insurance risk management and extended treatment of credit risk, including counterparty credit risk and CDO pricingIncludes a new chapter on market risk and new material on risk measures and risk aggregation

Book Information

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Customer Reviews

One of the Top 10 Technical Books on Financial Engineering by Financial Engineering News for

2006Praise for the previous edition: "This book provides a state-of-the-art discussion of the three main categories of risk in financial markets, market risk, . . . credit risk . . . and operational risk. . . . This is a high level, but well-written treatment, rigorous (sometimes succinct), complete with theorems and proofs."--D.L. McLeish, Short Book Reviews of the International Statistical InstitutePraise for the previous edition: "A great summary of the latest techniques available within quantitative risk measurement. . . . [I]t is an excellent text to have on the shelf as a reference when your day job covers the whole spectrum of quantitative techniques in risk management."--Financial Engineering NewsPraise for the previous edition: "Alexander McNeil, Rudiger Frey and Paul Embrechts have written a beautiful book. . . . [T]here is no book that can provide the type of rigorous, detailed, well balanced and relevant coverage of quantitative risk management topics that Quantitative Risk Management: Concepts, Techniques, and Tools offers. . . . I believe that this work may become the book on quantitative risk management. . . . [N]o book that I know of can provide better guidance."--Dr. Riccardo Rebonato, Global Association of Risk Professionals (GARP) ReviewPraise for the previous edition: "This is a very impressive book on a rapidly growing field. It certainly helps to discover the forest in an area where a lot of trees are popping up daily."--Hans BÃƒÂ hlmann, SIAM ReviewPraise for the previous edition: "This book is a compendium of the statistical arrows that should be in any quantitative risk manager’s quiver. It includes extensive discussion of dynamic volatility models, extreme value theory, copulas and credit risk. Academics, PhD students and quantitative practitioners will find many new and useful results in this important volume."--Robert F. Engle III, 2003 Nobel Laureate in Economic Sciences, Michael Armellino Professor in the Management of Financial Services at New York University’s Stern School of BusinessPraise for the previous edition: "Quantitative Risk Management can be highly recommended to anyone looking for an excellent survey of the most important techniques and tools used in this rapidly growing field."--Holger Drees, RiskPraise for the previous edition: "Quantitative Risk Management is highly recommended for financial regulators. The statistical and mathematical tools facilitate a better understanding of the strengths and weaknesses of a useful range of advanced risk-management concepts and models, while the focus on aggregate risk enhances the publication’s value to banking and insurance supervisors."--Hans Blommestein, Financial RegulatorPraise for the previous edition: "This book provides a framework and a useful toolkit for analysis of a wide variety of risk management problems. Common pitfalls are pointed out, and mathematical sophistication is used in pursuit of useful and usable solutions. Every financial institution has a risk management department that looks at aggregated portfolio-wide risks on longer time scales, and at risk exposure to large, or extreme, market movements. Risk managers are

always on the lookout for good techniques to help them do their jobs. This very good book provides these techniques and addresses an important, and under-developed, area of practical research."--Martin Baxter, Nomura International

Praise for the previous edition: "McNeil, Frey, and Embrechts present a wide-ranging yet remarkably clear and coherent introduction to the modelling of financial risk. Unlike most finance texts, where the focus is on pricing individual instruments, the primary focus in this book is the statistical behavior of portfolios of risky instruments, which is, after all, the primary concern of risk management. This ought to be a core text in every risk manager’s training, and a useful reference for experienced professionals."--Michael GordyPraise for the previous edition: "There is no book that provides the type of rigorous and detailed coverage of risk management topics that this book does. This could become the book on quantitative risk management."--Riccardo Rebonato, Royal Bank of Scotland, author of Modern Pricing of Interest-Rate Derivatives

Although not obvious, there is software available to implement the functionality described mathematically in the book. Alexander McNeil provides S-Plus code on his personal website, and there is an R port of that code on CRAN called QRMlib. Most of the provided software is on fitting fat-tailed distributions. This is all very useful in practice, if you care to be statistically precise. Unfortunately, many practitioners would clearly prefer rules of thumb to quantitative methods only usable with statistical software that doesn’t run in Excel. Excellent theoretical text with solid backing software.

Excellent academic material

I’d add the word power in front of tools in the book title! Yes the book doesn’t give you any step-by-step how to of doing any of the things like some have complained. Then again, it’s not meant to be a how-to book. This is a "why" book and the authors explain the whys brilliantly. Even the chapters covering statistical background materials, the authors chose the exact level of details for coverage without wasting any pages. To appreciate the book, the reader does need a strong math background. Then every page of the book is worth it.

Yet another author showing off their considerable math and statistics skills. I’ve got a shelf full of books just like this. This one is not any better or worse than the rest. I have the background to read

this thing, but most people don’t. Just because I can read it doesn’t mean I found it useful because I didn’t. I have yet to see an author who could show the entire process of starting with theory and then moving forward to practice.

This book is more like Mathematical Statistics for Risk Management. It covers some reviews of standard mathematical stat and some advanced and latest materials as well as applications in risk management. But as some other reviewers already mentioned, the focus is on the statistics and probability for risk management rather than the business context. And it is written in a rather formal theorem-proof format which, to some extent, could have been simplified for other audiences. It is excellent for someone with heavy stat background such as MS/PhD in statistics or PhD in Finance.Another book that is a bit easier to read that covers Stat and Finance well with business context is: Statistics and Finance: An Introduction, which includes more than financial risk management.

Excellent!

Fantastic!

The book missses some pages. The first chapter, reference and index parts are missing.

Human Health Impacts of Antibiotics Used in Food Animals: 82 (International Series in Operations Research & Management Science) Master Your Risk Management Concepts: Essential PMPÃ Â® Concepts Simplified (Ace Your PMPÃ Â® Exam Book 10) Fundamentals of Risk Management: Understanding, evaluating and implementing effective risk management ISO/IEC 31010:2009, Risk management - Risk assessment techniques Making Enterprise Risk Management Pay Off: How Leading Companies Implement Risk Management Security Risk Management: Building an Information Security Risk Management Program from the Ground Up Financial Institutions Management: A Risk Management Approach (Irwin Finance) Active Portfolio Management: A Quantitative Approach for Producing Superior Returns and Controlling Risk Quantitative Methods: For Business, Management and Finance The Tools & Techniques of Employee Benefit and Retirement Planning (Tools and Techniques of Employee Benefit and Retirement Planning)