Managing Risks in Commercial and Retail Banking

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A practical guide to the practices and procedures of effectively managing banking risks for banks implementing the New Basel Capital Accord recommendations

Managing Risks in Commercial and Retail Banking (Wiley, February 2012, Hardcover, 550 pages, US$120.00, ISBN 978-1-1181-0353-1) contains a balanced mix of concepts, methodologies, and tools pertaining to risk management that examines various credit risk management issues that highlight the complications involved in identifying and measuring credit risk, and recommends possible solutions to effectively deal with them. It takes into account of the New Basel Capital Accord issues, including those specified in the 2010 Basel Committee response to the global financial crises, and deals with important aspects of risk management in one place.

Amalendu Ghosh, a noted expert on banking regulations and risk management, focuses on a wide range of risk management issues such as credit, market, and operational risks. He also reviews modalities for the establishment of internal models for risk-rating banks’ counterparties and rating branch offices for audit prioritization.

Managing Risks in Commercial and Retail Banking will serve as a handy tool for senior bank executives to manage risks. This book:

Describes the market risk management framework and explains the process of identifying, measuring, and controlling all forms of market risk

Examines operational risk management and its sources and causes

According to Ghosh, “The New Accord encourages banks to develop internal models for risk rating and risk measurement, strengthen their risk management practices and procedures, and acquire internal capability to assess capital requirements. Concurrently, bank supervisory authorities are taking new initiatives in many countries to focus on a risk-based bank supervision system in order to reduce financial sector vulnerability.”

Step by step, Ghosh outlines a procedure for making a scientific assessment of operational risk. Along the way, he delves into the operational risk events that occur in banking institutions and explains the procedure to evaluate the loss-inflicting capacity of those events and assess operational risk in terms of event frequency and impact severity.

Engaging and informative, Managing Risks in Commercial and Retail Banking is unique in the sense that it includes topics which are usually absent in other books on banking risk management such as design of control framework, risk management architecture, credit risk rating, risk-based loan pricing, portfolio analysis, business continuity planning, and corporate governance.

This book concludes with a discussion of the causes, and impact, of the financial crises in Asia and the United States; the lessons we’ve learned from them; and the possible steps banks can take to contain future risks that emerge from these types of crises.

Language:
English