THE CHINESE UNIVERSITY OF HONG KONG

Department of Statistics

will present a seminar entitled

A Pillar 1 Approach to Operational Risk: Utopia or Not.

by

Professor Paul Embrechts
Department of Mathematics
ETH Zurich
Switzerland

on

Monday, 5 March 2007
2:00 pm – 3:00 pm

in

Lady Shaw Building LT1
The Chinese University of Hong Kong

Abstract:

Under Pillar I for the Basel II regulation of Operational Risk, larger international banks have to quantify regulatory capital following the so-called Loss Distribution Approach (LDA). The industry has introduced various possible approaches based on certain statistical techniques. In this talk I will review the LDA issue and concentrate in particular on the use of Extreme Value Theory (EVT) and the g-and-h method. I will also give a critical appraisal of the use of a 99.9% VaR measure for regulatory capital for Operational Risk.

All are Welcome