

CORPORATE FINANCIAL RISK MANAGEMENT: A PRACTICAL APPROACH FOR EMERGING MARKETS

Edited by:

Scott Stanley



www.societypublishing.com

TABLE OF CONTENTS

<i>List of Figures</i>	xi
<i>List of Tables</i>	xv
<i>List of Abbreviations</i>	xvii
<i>Preface</i>	xix
Chapter 1 The Evolution and Scope of Risk Management.....	1
1.1. Risk Management: Concept	2
1.2. Risk: Introduction	2
1.3. The Scope of Risk Management	3
1.4. The Atmosphere of An Emerging Market	8
1.5. The Value of Risk Management	14
References	24
Chapter 2 Types of Risks And Their Control: Market, Credit, Operational, And Legal Risk.....	27
2.1. Corporate Risk And Its Management	28
2.2. Market Risk.....	37
2.3. Credit Risk.....	39
2.4. Liquidity Risk.....	41
2.5. Operational Risk.....	43
2.6. Legal Risk	47
2.7. Legal Risk Management	49
2.8. Financial Risk Management Methods And Techniques	53
References	55
Chapter 3 Corporate Financial Risk Management: Organizational Structure And Functions.....	57
3.1. Introduction.....	58
3.2. Organizational Structure For Risk Management	62

3.3. Principles For Risk Management Functions	68
3.4. Risk Appetite With Respect To Its Adoption And Framework For Risk Management.....	74
3.5. Roles And Responsibilities Of Various Implementers.....	77
3.6. Conclusion	81
References	83
Chapter 4 Credit Risk Management And Control.....	85
4.1. Introduction To Credit Risk Management	86
4.2. Traditional Approach To Manage The Credit Risk.....	90
4.3. Business Risk	95
4.4. Financial Risk	100
4.5. Transaction Risk.....	103
4.6. Market Imperfections	106
4.7. Conclusion	112
References	113
Chapter 5 Methods And Techniques For Market Measurement	115
5.1. Introduction.....	116
5.2. Measure of Performance	116
5.3. Return on Marketing Investment	117
5.4. Measuring Marketing Performance.....	119
5.5. Prediction And Projective Markets	122
5.6. Credit Report Analysis.....	123
5.7. Value At Risk (VAR).....	124
5.8. Volatility	130
5.9. Explanation Of Regression Analysis	131
5.10. Investment In Emerging Markets: Risks And Barriers.....	132
5.11. Sharpe Model	134
5.12. Conclusion	137
References	139
Chapter 6 Focus on Commercial Banking.....	141
6.1. Introduction.....	142
6.2. Commercial Banks.....	144
6.3. Functions of Commercial Banks.....	146

6.4. Types of Commercial Banking.....	150
6.5. Various Types of Risks And Their Management by Commercial Banks	150
6.6. Credit Risk and Their Management	154
6.7. Basel Norms	158
6.8. Management of Foreign Exchange (FX) Risk by Commercial Bank	161
6.9. Old Methods For Calculating Market Risks	164
6.10. Role of Commercial Banking In Economy.....	165
6.11. Conclusion	166
References	168
Chapter 7 Risk Management Information System and Its Implementation.....	169
7.1. The Role of Information Technology In Risk Management	170
7.2. Identification of Risky Events	171
7.3. Categorizing And Measuring Financial Risk	172
7.4. Formulation of Strategies To Control Risk	174
7.5. Technological Improvements In Risk Management	176
7.6. Risk Management Systems: The Dimension of Benefits	188
7.7. Risk Management Systems: The Dimensions of Cost	190
7.8. Risk Management Systems: How Should They Be Selected?	191
7.9. Future Research In The Following Areas Would Also Be Helpful In Providing Management With Additional Guidance.....	192
7.10. Six Steps To Implement Risk Management Information System.....	193
References	195
Chapter 8 Efficient Approaches In Risk Management Activities in Emerging Market Settings.....	197
8.1. Introduction.....	198
8.2. Types of Risk.....	200
8.3. Evolution of Risk Management.....	203
8.4. Principles For Designing Risk For Different Sectors of Corporate World In Emerging Markets.....	205
8.5. Need For Approaches	206
8.6. Efficient Approaches	207
8.7. Lessons Learned While Managing Risk.....	211

8.8. Risk Management In Emerging Markets.....	215
References	222
Chapter 9 Case Study.....	223
9.1. Case Study: Financial Risk Management For Management Accountants	224
9.2. Conclusions.....	246
Reference	247
Index	249