

Risk Measure from Investment in Finance by Value at Risk

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Abstract : Managing and controlling risk is a topic research in the world of finance. Before a risky situation, the stakeholders need to do comparison according to the positions and actions, and financial institutions must take measures of a particular market risk and credit. In this work, we study a model of risk measure in finance: Value at Risk (VaR), which is a new tool for measuring an entity's exposure risk. We explain the concept of value at risk, your average, tail, and describe the three methods for computing: Parametric method, Historical method, and numerical method of Monte Carlo. Finally, we briefly describe advantages and disadvantages of the three methods for computing value at risk.

Keywords : average value at risk, conditional value at risk, tail value at risk, value at risk

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