



31 May - 03 June 2016

at
ISEG- Lisbon School of Economics
and Management

If you intend to submit a paper for the ASTIN COLLOQUIUM LISBOA 2016, you need to provide a **Synopsis** (using the template on the next page), complete this **Submission Form** and submit both to astincolloquium2016@gmail.com by **Saturday 7 May 2016**. Synopses and submission forms must be sent as MSWord attachments, please do not supply them in the body of an email. You will be advised of the outcome and, if accepted, your abstract will be uploaded to the website.

SUBMISSION FORM

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Title of Paper / Presentation / Session to appear in program:

Backtesting ES: A simple multinomial test

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3. Alexander McNeil

4.

What will your final submission be? Presentation and Paper Presentation Only

If selected, what level of knowledge will delegates attending your session require? (please select only) one

No prior knowledge General industry knowledge assumed Technical/specific industry knowledge assumed

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ABSTRACT

(TITLE OF PAPER / PRESENTATION TO APPEAR IN PROGRAM)
(Name of Author/s)

Backtesting ES: A simple multinomial test

By Marie Kratz, Yen Hsiao Lok, Alexander McNeil

Key words: (enter up to 8 key words applicable to your abstract / paper / presentation)
backtesting; coherence; (conditional) elicibility; expected shortfall; risk measure; risk management; (tail) value-at-risk

Purpose of your paper: (To assist delegates / readers searching for your paper on the website after the event, please enter a brief description (maximum 220 characters) on the purpose of your paper.)

To suggest a new and simple backtesting procedure for Expected Shortfall to practitioners

Abstract: (Place text here using font size Calibri (Body) 11)

Although Expected Shortfall (ES) is in general a better risk measure than Value-at-Risk (VaR) because of its mathematical properties, it has also been proved to be non elicitable, leading to less straightforward backtesting methods than, e.g., for VaR. It gave rise to a debate, necessary as it might be seen in practice as a drawback when new regulation rules reinforce the process for model validation.

A popular backtesting procedure for VaR is a binomial test, based on a violation process. Following the idea by Emmer et al. (2015) of considering an empirical approach that consists in replacing ES by a set of a small number of quantiles for the backtesting, comes the natural proposition of a simple multinomial backtesting test for ES.

Note: If you are not presenting a paper for this Colloquium, please include as much detail as possible in your Abstract (maximum three pages) to enable delegates to prepare for your session.