

Accepted Manuscript

On the cyclicity of default rates of banks: A comparative study of the asset correlation and diversification effects

Oliver Blümke

PII: S0927-5398(18)30025-2
DOI: <https://doi.org/10.1016/j.jempfin.2018.03.003>
Reference: EMPFIN 1041

To appear in: *Journal of Empirical Finance*

Received date: 13 June 2016
Revised date: 2 November 2017
Accepted date: 12 March 2018

Please cite this article as: Blümke O., On the cyclicity of default rates of banks: A comparative study of the asset correlation and diversification effects. *Journal of Empirical Finance* (2018), <https://doi.org/10.1016/j.jempfin.2018.03.003>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



On the cyclicalities of default rates of banks: A comparative study of the asset correlation and diversification effects

Oliver Blümke^{1,*}

Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria

Abstract

In credit portfolio modeling the asset correlation parameter is used to describe the degree of default rates fluctuations. In this article we estimate the asset correlation parameter for banks and other industry sectors from default data. We find that estimates of the asset correlation vary substantially among the different segments and that banks exhibit a much larger asset correlation parameter, larger also than the regulatory value of the Basel Accord. For pooled data the asset correlation parameter shrinks due to diversification effects.

Keywords: Basel Accord, Asset correlation, Banks, Financial Crisis, Default rates

JEL Classification: G21, G24, G28, C11, C12

*Corresponding author

¹E-mail address: oliver.bluemke@rbinternational.com

The views expressed in the paper are those of the author. The author would like to thank the referee for various comments and suggestions which have significantly improved the article. The author would also like to thank Cristiana Bacalu, Jonathan Bisset, David Eschwé, Jan Polivka, Lukas Popp and Christian Sagmeister for helpful comments. Special thanks to Paul Hübner for his critical review and helpful comments on more than a single version of this article and to Sylvia Frühwirth-Schnatter for her advice on Bayesian computing. All errors are the sole responsibility of the author.

Disclaimer: This may contain information obtained from third parties (including but not limited to modeling tools, software or other applications or output therefrom) (Third Party Content). Reproduction and distribution of Third Party Content in any form is prohibited except with the prior written permission of the related third party. Third Party Content providers do not guarantee the accuracy, adequacy, completeness or availability of any of the Third Party Content and are not responsible for any errors or omissions, regardless of the cause or for the results obtained from the use of such Third Party Content. In no event shall Third Party Content providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Third Party Content. The author is not, and does not form any part of S&P credit ratings. 2017.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات