

# Modelling and Measuring Business Risk

Klaus Böcker

**Note:** This paper first appeared in *Pillar II in the New Basel Accord: the Challenge of Economic Capital*, Ed. A. Resti. Risk Books, London.

## **Abstract**

Research papers mainly focus on market risk, credit risk, and—with a little less attention—operational risk. Although these risk types are very important for financial institutions, the true landscape of risk is much more complex and far from being well explored and understood. There is a variety of “other” risks looming on the horizon, which seriously threaten a bank's profitability or which can disrupt or even destroy its business completely. Moreover, such risks often reflect an under-researched area of financial risk management, and established and ready-to-use measurement techniques are rarely available.