Good academic interests in financial risk analysis essay example

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Interest in Financial Risk Analysis

Incidences of financial risk have interconnected and systemic impacts both to individuals and organizations in the world at large. In order to manage them effectively and gain resilience to the adverse effects that financial risks pose, great efforts towards their understanding are a necessity. In addition, the interdependencies between financial risks can be foreseen and adequately addressed with the view of avoiding major financial shocks. To a great extent, the problems posed by financial risks

My interest in financial risk analysis is boosted by the urge to diligently avert any personal financial risks I am posed to as I also extend my knowledge to other institutions where I wish to extend my knowledge. On my personal count, I have applied behavioral finance ideologies such as mental accounting in several investment situations. I believe my personal fixed income securities that I laid my efforts would have been prosperous if only I could have much information concerning financial risk analysis and avoid major financial blunders that I have made so far.

It is my belief that the course will equip me with various quantification techniques on and detection of risks facing financial portfolios. For instance, I have a greater and deeper understanding of Value at risk (VaR) as my management decisions with regards to finances in the local based youth project were at all times fruitful by higher margins. In my capacity as a financial manager, I ensured that the investment risks we undertook did not go beyond the levels that we could not absorb due to my avoidance of probable worst outcomes. I incorporated all the components of VaR i. e. the probability of losing the amount we set aside for investment, time frame and

the amount of potential loss (Saita 14).

I have always been keen on evaluation of endogenous risks based on its principle that any alteration in the financial system has its origin from the interaction of all market players. Owing to the fact that the diagnosis of the cases in context requires more insight, I believe the course will equip me with the necessary skills to enable apply the concept to real life situations as well as to merge it with various statistical techniques for correct judgment. The statistical methods will include knowledge of the central limit theorem, application and calculation of the arithmetic mean, construction of confidence intervals in the assessment of financial markets, just to mention a few.

Higher risk situations yield greater returns than low-risk investments. It is not by default that this holds since familiarity with the concept of volatility (movements of the prices of assets) is a necessity (Hirsa 55). As an aspiring banker, there is a dire need for me to familiarize myself with volatility models i. e. the ARCH and GARCH. I will be handling assets that exhibit higher volatility require pricing that ensures their returns also incorporate a risk premium in order to cater for the compensation of the holders of the added risk exposures. Here, the application of all the models will come in handy as my scope in this area is still lacking as well as in derivatives pricing with transform techniques and numerical solutions. With the analysis of market data using various statistical techniques such as MATLAB, the ability to create market models and make informed market forecasts will not be a tall order.

Simulations (use of mathematical modeling while applying different values

with a view of determining various financial outcomes) will be vital in my career aspirations (Alexandrova-Kabadjova 226). I plan to use it for predictions of future price movements of securities). To a great extent, the course holds the key to my property in cooperate ladder as the concepts that will be imparted in me will make me competitive in all aspects of financial and money market. I also plan to advance further in the course after attaining the degree and consolidate my ability in the financial field. I also as plan to help make the world a better place by voluntarily enlightening people in the basics of finance so as to improve their judgments in financial situations.

Works cited

Alexandrova-Kabadjova, Biliana. Simulation In Computational Finance And Economics. Hershey, PA: Business Science Reference, 2013. Print.

Hirsa, Ali. Computational Methods In Finance. Boca Raton, FL: CRC Press, 2013. Print.

Saita, Francesco. Value At Risk And Bank Capital Management. 2nd ed. Amsterdam: Elsevier Academic Press, 2011. Print.