Statistical Assessments of Systemic Risk Measures

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Abstract

In this chapter, we review existing statistical measures for systemic risk and discuss their strengths and weaknesses. Among them we discuss the Conditional Value-at-Risk (*CoVaR*) introduced by Adrian and Brunnermeier (2010) and the Systemic Expected Shortfall (*SES*) of Acharya, Pedersen, Philippon and Richardson (2011). Systemic risk is also highly related to financial contagion and we will explain drawbacks and advantages of looking at "coexceedances" (simultaneous extreme events) or at the local changes in "correlation" that have been proposed in the literature on financial contagion (Bae, Karolyi and Stulz (2003), Baig and Goldfajn (1999) and Forbes and Rigobon (2002)).

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