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Autore	Tata Fidelio
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Sommario/riassunto	Fidelio Tata is a senior financial markets professional with some 30 years of leadership experience in derivatives marketing, institutional sales, risk management, and global fixed income research. He is a veteran of top Wall Street firms including JPMorgan, Credit Suisse, HSBC, and Societe Generale. His extensive teaching experience includes serving as a frequent guest speaker at conferences and training central banks in asset-liability management for more than 10 years. He is

currently a professor of Finance at the International School of Management in Germany. Previously, he held positions at the Berlin School of Economics and Law in Germany, the University of St. Gallen in Switzerland, the London School of Economics and Political Science in the United Kingdom, New York University's Stern School of Business, and Harvard University in the United States. This book provides a practical and intuitive view of how European banks manage asset-liability mismatch risk from both a practitioner and supervisory perspective. After a prolonged period of zero interest rate policy (ZIRP) by central banks around the world, the period from Q1 2022 to Q2 2023 has seen the largest, fastest, and most widespread increase in interest rates since the 1980s, with 1-year euro yields rising by more than 400 bp. The recent market turmoil has exposed the increased vulnerability of banks, particularly those with significant exposures to long-term, fixed income assets, fueled by shorter-term, less stable funding. This challenging interest rate environment reinforces the strategic importance of asset-liability management (ALM) for banks. Indeed, a bank's survival now depends more than ever on prudent ALM. This book introduces the most common components of interest rate risk management within a bank's asset-liability management framework, including the concepts of economic value of equity (EVE), net interest income (NII), funds transfer pricing (FTP), and the replicating model. In addition to bridging the gap between widely used general interest rate risk management techniques in the fixed income area and what is best practice in European banks, the book also provides an update on recent changes in the regulatory framework for European banks' management of interest rate risk in the banking book (IRRBB), including new EBA guidelines. It also covers the latest developments in interest rate risk management, such as rapidly changing interest rates and modeling bank customers' behavior. “Risk management is not just a technique, it is an art. The book connects the dots between established theory, current practice, and emerging regulation. The reader becomes both an engineer and an artist of asset liability management.” Joachim Wuermeling, former Executive Board Member, Deutsche Bundesbank “This book skillfully combines established ALM principles with today’s regulatory changes. It provides clear, practical insights into managing interest rate risk, making it an essential resource for both experienced professionals and those new to bank risk management.” Pascal Vogt, Partner & Director, Boston Consulting Group.