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## **Economic Capital: An Alternate Copula-Free Approach**

By Jawwad Ahmed Farid

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# ECONOMIC CAPITAL: AN ALTERNATE COPULA-FREE APPROACH

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## **Abstract**

*Economic capital models are getting increasingly complex. An alternate copula-free approach is presented that uses accounting data and an implicit correlation model to simplify economic capital calculations. Model simplification leads to robust and stable models.*

*A banking case study is used to showcase how the model can be deployed using publicly available accounting data, capital adequacy, leverage ratios and shortfall tools.*

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