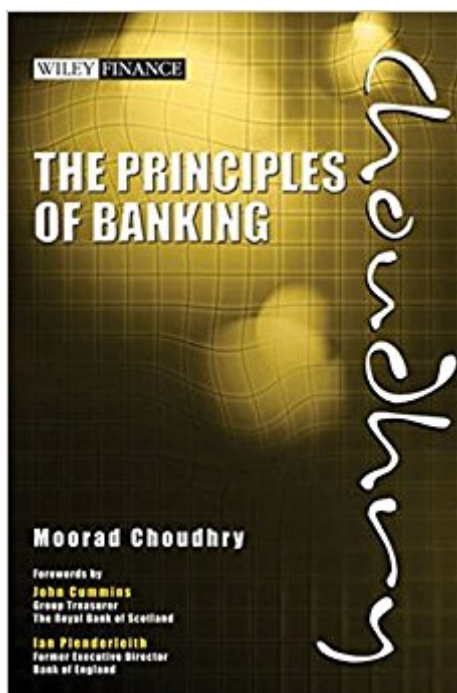


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# The Principles Of Banking



## Synopsis

The ultimate guide for bank management: how to survive and thrive throughout the business cycle  
An essential guide for bankers and students of finance everywhere, *The Principles of Banking* reiterates that the primary requirement of banking—sound capital and liquidity risk management—had been forgotten in the years prior to the financial crash. Serving as a policy guide for market practitioners and regulators at all levels, the book explains the keys to success that bankers need to follow during good times in order to be prepared for the bad, providing in-depth guidance and technical analysis of exactly what constitutes good banking practice. Accessible to professionals and students alike, *The Principles of Banking* covers issues of practical importance to bank practitioners, including asset-liability management, liquidity risk, internal transfer pricing, capital management, stress testing, and more. With an emphasis on viewing business cycles as patterns of stable and stressful market behavior, and rich with worked examples illustrating the key principles of bank asset-liability management, the book is an essential policy guide for today and tomorrow. It also offers readers access to an accompanying website holding policy templates and teaching aids. Illustrates how unsound banking practices that were evident in previous bank crashes were repeated during the creation of the 2007-2008 financial market crisis Provides a template that can be used to create a sound liquidity and asset-liability management framework at any bank An essential resource for the international banking community as it seeks to re-establish its credibility, as well as for students of finance Explains the original principles of banking, including sound lending policy and liquidity management, and why these need to be restated in order to avoid another bank crisis at the time of the next economic recession Covers topics of particular importance to students and academia, many of which are marginally—if ever—addressed in current text books on finance Offers readers access to a companion website featuring invaluable learning and teaching aids Written by a banking practitioner with extensive professional and teaching experience in the field, *The Principles of Banking* explains exactly how to get back to basics in risk management in the banking community, essential if we are to maintain a sustainable banking industry. “engaging and interesting and, more importantly, easily understood, allowing a clear picture to emerge of how the principle or concept under discussion is to be applied in the real world.” - Graeme Wolvaardt, Head of Market & Liquidity Risk Control, Europe Arab Bank Plc

## Book Information

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## Customer Reviews

"Moorad Choudhry's 'The Principles of Banking' opens up a portal into the world of sophisticated, dynamic, capital markets-based commercial banking. He gives us the big picture, the precise details and a framework for analyzing the enormous risks facing these firms. The book is an invaluable resource." -- Jean Helwege, J. Henry Fellers Professor of Business Administration, Department of Finance, University of South Carolina

"This book is a must read for all senior bankers. There is no writer better than Moorad Choudhry for communicating the vital principles of liquidity, capital and asset-liability management and bank corporate governance." -- Professor Carol Alexander, Chair of Financial Risk Management, ICMA Centre, University of Reading Chair of the Board, Professional Risk Manager's International Association

"'The Principles of Banking' is ideal reading for anyone planning or developing a career in banking. Professor Choudhry's coverage is fully integrated, clear, and authoritative. There is no better practitioner's guide to this subject." -- Darrell Duffie, Dean Witter Distinguished Professor of Finance, Graduate School of Business, Stanford University

"The failure of the US banking system in 2007-2008 can be effectively described by failing to apply the principles and strategies discussed by Moorad Choudhry. Indeed, banks should understand the dynamic interaction of the economy, credit losses and interest rates, and utilize the strategies within to balance the extremes, and prioritize strategies based upon return of capital and return on capital." -- Joe Jennings CFA, Former Managing Director, Sterne Agee & Leach, Inc., Memphis, TN

"Asset and liability management (ALM) is at the heart of any bank. Among many of its functions, keeping the bank liquid and fixing the value of money (for the bank) are key to a bank's survival and success. Moorad Choudhry has a

wealth of experience in this area. The Principles of Banking is an invaluable practical guide on how banks can lift their conduct to meet the challenges of the post-crash era." -- Abhijit Patharkar, Senior Business Manager, Asset and Liability Management, Standard Chartered Bank, Singapore

"Moorad continues to make a substantial contribution both to academia and the finance profession. His latest book, The Principles of Banking, is a comprehensive coverage of best-practice concepts and his own recommended strategies which are set out in a very lucid manner. Moorad, who is a Visiting Professor at CARISMA, makes us proud; well done Moorad!" -- Gautam Mitra, Professor of Computational Optimisation and Modelling & Emeritus Professor, Brunel University; Director of CARISMA: The Centre for the Analysis of Risk and Optimisation Modelling Applications

"Yet again, a work of excellence." -- Rafael Hurtado, Vice-President Risk Management, Banco de Credito, Lima

"Professor Choudhry puts financial instruments and their derivatives within the context of banks' asset and liability management, constituting a masterful and unique reference work in the field. This book covers bank liquidity risk analysis and management, as well as stress testing. On these topics Professor Choudhry's book is indispensable reading and is set to become the principal reference." -- Nuno Cassola e Barata, Adviser, Market Operations, European Central Bank, Frankfurt

"The Principles of Banking is a timely reminder and update, incorporating lessons from the crisis and offering practical insights from that rare person -- someone who combines working in the market with the dispassionate analysis of an academic. This book provides theory and practice in an easy-to-follow manner, an ideal reference for seasoned professionals." -- Irving Henry, Director, Prudential Capital and Risk, British Bankers' Association, London

"As a banker and bank regulator, asset and liability management has remained a high priority area for me. Professor Choudhry's inclusive and incisive book on the nitty-gritty and nuances of this extremely important subject will help both practitioners and researchers better understand and analyse new tools and models for measuring and managing risk, as well as to keep up with the innovation challenges." -- Dr. K C Chakrabarty, Deputy Governor, Reserve Bank of India, Mumbai

"Professor Choudhry has been recommending for years what bank regulatory authorities only started writing about after the crash. 'The Principles of Banking' is the last word on the subject, the definitive rulebook on bank governance and risk management for senior directors, board members and supervisors." -- Martin Barber, Global Head of ITO Delivery, Hewlett-Packard Corporation, EMEA

"A really comprehensive and approachable text -- an invaluable companion for any financial market practitioner." -- Mark Miller, Global Economist, Lloyds TSB Corporate Markets, London

"A very highly rated book in the Group CFO performance management office! The office ALM bible, our main reference point on ALM matters." -- Vasilis Kosmas, Head of Structured

Finance, National Bank of Greece, Athens "Asset and liability management is without doubt a priority in banking; it is essential that proper controls are in place to ensure the best returns on, and also efficient use of, capital. This book covers all essential topics in a straightforward manner and builds, from basic to complex, a very useful tool for everyone in this environment." -- Tom O'Connell, Head of Treasury, KBC Bank NV, London "Principles of Banking covers a great deal in a relatively small number of pages (866 pages compares favourably with other works) and is dense with information. However, the clarity and precision of the delivery of the content allows me to heartily recommend this book to both those contemplating a career in banking and those members of the industry concerned with keeping an edge and not losing sight of the fundamental concepts that underpin our business." -- Graeme Wolvaardt, Head of Market & Liquidity Risk Central

Banks are a vital and indispensable part of the world's economy. It is imperative that they are managed on a sustainable basis, and in a way that assists global economic development. This book offers a comprehensive account of the essential principles of banking, aimed at senior bankers, regulators, board members and legislators. Highlights of the book include: how to implement consistently successful asset-liability management (ALM) practice, the cornerstone of every bank business model; tools and methodology for business best-practice credit and liquidity risk management; recommended long-term capital strategy and corporate governance principles. Adherence to the fundamental principles of banking must lie at the heart of all banking strategy. This means taking responsibility to protect depositor funds and ensure governance discipline. Written by an experienced banker and finance academic, The Principles of Banking is essential reading for everyone involved in the banking industry.

The book could be interesting to practitioners. It has a lot of useful examples and templates. The most part of the book describes ALM practices and policies, other aspects of bank management are described rather briefly. You may need some financial management background to understand the material. Typos in the text add some difficulties to the comprehension of technical concepts.

Perfect!

Way too many irrelevant details. Does not concisely convey the essence. A definite "practitioners" guide.

The exposition may be a little "dry at times", but is a very good book that covers a wide spectrum of subjects in a clear and thorough manner. Highly recommended

Relevant

Excellent Book

Excellent

The books that Moorad Choudhry publishes flow from topic to topic, and because of this reason, I have read several of Moorad's books over the years. The comment that I see most about Moorad is that it is rare to find an academic who has had such practical experience, whilst this maybe true, for me Moorad is able to explain Banking in Layman's terms, and that is a rare quality!! I keep a copy of Moorad Choudhry's "Bank and Asset Liability Management" on my desk, however "The Principles of Banking" will take its place, simply because of its relevance in today's banking industry. Don't get me wrong, Bank Asset and Liability Management is an excellent resource, however it was published in 2007, and a lot has happened since then. Looking at "The Principles of Banking", the first thing that caught my attention was the relevance to the current banking industry. For students wishing to learn more about banking and finance there is a thorough and practical discussion of Financial Instruments, Derivatives and their mechanics. However, with Basle III and market regulation now at the forefront of every board room discussion, topics such as ALCO and Transfer Pricing are highly relevant, and Moorad has done an outstanding job outlining these subjects by looking at how Treasury can adapt to the changes in the industry. It is actually interesting to see the progression of this book from "Bank Asset Liability Management". "Bank Asset Liability Management" covered the subjects such as Basle II and had several chapters on ALCO, even mentioning the importance of Transfer Pricing, but "Principles of Banking" has now taken these subjects, expanded on them and provides a more relevant and in depth coverage. "The Principles of Banking" outlines mistakes made in the past, which we can not only learn from, but offers guidelines and real solutions. I highly recommend this book, and believe that there is something in this book for every student, banking professional, and board member.

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