Properties and Comparison of Risk Capital Allocation Methods

Dóra Balog, Tamás László Bátyi, Péter Csóka, Miklós Pintér

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Highlights

- The paper is a guide for both researchers and practitioners in risk capital allocation
- We analyze seven risk capital allocation methods applying coherent measures of risk
- We prove how the seven methods perform in terms of ten fairness properties
- We simulate Core Compatibility in 24 treatments up to nine subunits
- We conclude that some of the ten properties should be given up in practice