
Financial applications of expectiles

Fabio Bellini*¹

¹University of Milano-Bicocca – Italy

Abstract

Expectiles are a class of generalized quantiles that have been recently axiomatized as the only coherent risk measures that are also elicitable, since they are defined by the minimization of a suitable piecewise quadratic asymmetric scoring function. In this talk we review their theoretical properties and focus on three recently developed financial applications: the use of expectiles as capital requirements, as alternative measures of implied volatility, and as objective functions in the construction of risk parity portfolios.

*Speaker