

Special Issue

Model Risk in Finance

Message from the Guest Editor

Financial model risk analysis attacks a question that is both simple and complex: What happens if we use the wrong model or if use the model incorrectly? Paradoxically put, this is a question that we simultaneously both cannot answer and cannot not answer. This Special Issue aims to compile high quality papers that offer a discussion of the state-of-the-art or introduce new theoretical or practical developments in this area. We welcome papers related, but not limited to, the following topics: - Out-of-sample performance time- and product-wise of different models calibrated to the same instruments; it could be extensions of the analyses in for instance [Schoutens, Simons & Tistaert \(2004\)](#) and [Jessen, & Poulsen \(2013\)](#). - The effects uncertainty/ambiguity from both axiomatic and practical angles and for both derivative pricing (as for instance [Cont \(2007\)](#)) and optimal portfolio choice (as for instance in [Garlappi, Uppal & Wang \(2007\)](#)). - Regulatory aspects of model risk in light of [Federal Reserve Supervisory Letter SR 11-7](#) in which 'model' is used in a broader sense than is otherwise common among readers of this journal.

Guest Editor

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Message from the Editor-in-Chief

Risks is published in an open access format; research articles, reviews, and other content are released on the internet immediately after acceptance. Specifically, *Risks* welcomes submissions that (a) contribute with insight, outlook, understanding, and overview; (b) show creativity in terms of pedagogical methods and techniques; (c) help the transfer of theoretical and applied research into applications in the public and private domains; and (d) show responsibility for the impact on society. The scientific and the general public have unlimited free access to the content as soon as it is published.

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