

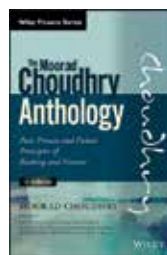
MOORAD CHOUDHRY'S ANTHOLOGY

Reviewed by
Dr. Edward Bace

Already a very prolific producer of highly praised texts on aspects of banking and finance, Professor Moorad Choudhry has inspirationally and comprehensively brought together in this volume the up to date essentials of banking, risk and regulation, strategic ALM and the future of banking, supplemented by relevant case studies.

Anthology builds upon Moorad's previous indispensable handbooks, *"The Principles of Banking"*, *"Introduction to VaR"*, *"Fixed Income Markets"*, and many others. I was saddened to read in the preface that this is likely to be his last book, but in terms of its breadth and depth, it will no doubt prove useful for decades to come, even hopefully helping to steer practitioners in the right direction, as outlined in the work, both philosophically and technically. Encouragingly, *Anthology* also includes some previously unpublished material, especially around the sorely needed reinforcement of principles of governance and culture, as well as the ultimate goal of any successful commercial enterprise: paramount customer service.

The volume is well structured, starting with basic matters such as financial instruments, derivatives, the yield curve and structured finance, all written in a highly accessible manner and amply illustrated by practical examples such as Bloomberg screenshots and graphs aplenty. Practice exercises are given along the way to reinforce the principles. In fact, so much is packed into this densely written 1250-page



The Moorad Choudhry Anthology: Past, Present and Future Principles of Banking and Finance, (John Wiley & Sons, 2018)

volume that the reader will feel obliged to return to it again and again to consult on a particular topic. Although it is clearly pitched at senior, more specialist levels, much can also be gained by the relative beginner. While it has its share of mathematical equations illustrating the concepts, these are not overwhelming, reflecting the author's penchant for practically applying the sophisticated models pioneered by academics, so that we can see the forest for the trees. The well-constructed table of contents and index allows for quick reference to a particular topic or graphic without having to spend an inordinate amount of time wading through pages of peripheral material.

Bank risk management appropriately occupies a meaningful portion of the text, as it relates to regulation and best practice, capital and liquidity. But I found the meatiest part of the book to be that section articulating strategic asset-liability and balance sheet management, wherein the author turns around the traditional approach to the treasury operating model. This is set forth in great detail, from reporting structure to committee

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Anthology, destined to become a classic in its field is an extremely useful compilation of the 16 other titles Moorad has produced not necessarily as a substitute for those, but as a compendium of the highlights of his previous works, and as a platform for further debate on the often misunderstood topic of banking and financial risk management.

proceedings to information requirements, representing forward-thinking best practice in the industry. So instead of starting with “what can we sell,” and “how can we deliver the ROE investors want?”, from which results a random financial structure, the first consideration must be the vision statement, from which flows the strategic plan and the definition of performance parameters, which ultimately drive the optimum financial structure. This reinforces the focus on the customer and on sustainability, which must be the future of banking, if it is to survive and prosper.


Not only is the material technically top notch, but Moorad’s style of writing makes the subject matter, perhaps not intuitively appealing to everyone, engaging and entertaining. His down to earth, humorous and pragmatic approach acquaints the reader very well with what at first glance seems like esoteric financial alchemy, of little practical value, but in fact emerges to be fairly obvious, intuitive and sensible concepts which have enormously valuable applications in the real world. He tends to be concise, forthright and explicit, and his marked aversion to vagueness is much appreciated.

Another meritorious feature of this work is that the author unites his ample knowledge of academic theory with solid real life experience in the industry, given his experience in both camps. His ability to bridge the still sadly wide gulf in finance between academia and professional practice is admirable, and greatly facilitates the reader’s understanding and application of what can appear to be highly abstruse theories, which have in fact great utility in the practical world.

Gratifyingly, the text extends beyond the technicalities of banking and finance, into the all-important cultural dimensions of the industry, where excellent customer service, integrity and leadership are paramount, and are all too often overlooked in finance texts. The author, while it is apparent that he does not suffer fools gladly, practices what he preaches, generously acknowledging, in the characteristic fashion of an effective

collaborator and leader, the assistance and support given by his many talented associates, without whose help such an impressive volume could not have been produced.

Another useful innovation, beyond the numerous and relevant case studies at the end of the book, is the inclusion of details of a website associated with the book, which is highly comprehensive, chock full of resources and of great utility. Again, this demonstrates to me the author’s passion for dialogue and accessibility, the marks of a true professional. This book, like Moorad’s previous works, shows him to be a champion of the banking industry in the best sense.

Anthology, destined to become a classic in its field (I know I will turn to it often), is an extremely useful compilation of the 16 other titles Moorad has produced (some of which I use in my classes, to great effect), not necessarily as a substitute for those, but as a compendium of the highlights of his previous works, and as a platform for further debate on the often misunderstood topic of banking and financial risk management, which the author has done so well to illuminate. Hence the subtitle: “*Past, Present and Future Principles of Banking and Finance*”, where adherence of professionals to the principles outlined here will certainly contribute to making the future look much brighter for the industry, in the eyes of all the stakeholders. 



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