
Nested Elicitability of the Expected Shortfall

Azar Louzi*¹

¹Sorbonne Université – Laboratoire de Probabilités, Statistique et Modélisation (LPSM) – France

Abstract

The Fundamental Review of the Trading Book has provoked a shift away from relying on the value-at-risk (VaR) toward using the expected shortfall (ES) as a reference risk measure. However, the VaR's lack of coherence and the ES's lack of elicibility make adopting an adequate risk measure a matter of trade-off. The work hereby exhibits a new form of elicibility for the ES that we call nested elicibility, and develops accordingly a nested inference scheme for the ES.

*Speaker