

## **CONSERVATISM OF RISK MODELS IN THE MALAYSIAN MARKET**

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### **ABSTRACT**

The objective of this study is to test the conservatism level of Value-at-Risk (VaR) models that are integrated with several volatility representations in estimating the market risk for the Malaysian stock market. By applying to the non-financial sectors data, the expected maximum losses and conservatism degree were quantified for VaR models at 95% confidence level. In summary, this study indicates that consideration of volatility modelling is important when deciding the appropriate VaR models in managing market risk.

**KEYWORDS:** Value-At-Risk, Volatility Modelling.