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In early 2003, Dr Dimitris N. Chorafas was chairing a Capital Allocation conference in London, where I was presenting a case study on how to create an integrated capital management methodology. At this stage the Banking Industry was awaiting the third consultative paper to be released by the Basel Committee of Banking Supervision and Basel II's economic Capital master-classes, workshops, lectures and panel discussions were on the agendas of quite a number of conferences to address and discuss the latest techniques in regulatory and economic capital allocation.

During the conference and in the ensuing discussion it quickly became clear to me that Dimitris Chorafas, based on his fundamental understanding of financial markets and more than forty years' experience in advising financial institutions, combines a holistic view on the impact of Basel II on the financial industry with a pragmatic sense of its implications for individual banks and their strategy.

Being responsible as a senior program manager for implementing a Basel II compliant economic capital framework at a major European bank, I have come across a number of publications and books related to Basel II and economic capital allocation. However, there are actually not that many books around which, from a practitioner's perspective, address the subject in a comprehensive and easy-to-understand manner. To that end, I was more than happy to participate in Dimitris Chorafas's research, which led to this book: *Economic Capital Allocation with Basel II: Cost, Benefit and Implementation Procedures*.

In my view the book is spot on in its content, timeliness and coverage, linking the new Basel II regulations with practical and theoretical guidance on economic capital allocation strategies. A comprehensive discussion of the political aspects of supervisory regulation and the challenges ahead concludes the book. It provides the reader with a fascinating blend of theory, case studies and views from bank experts, rating agencies and banking regulators. Dimitris Chorafas's book has all the hallmarks of becoming a reference for Basel II and economic capital allocation and I am enthusiastic about recommending it to banking practitioners and academics alike.

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