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Original Articles

Backtesting lambda value at risk

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ABSTRACT

A new risk measure, lambda value at risk ($\Lambda\mathrm{VaR}$), has been recently proposed as a generalization of value at risk (VaR). $\Lambda\mathrm{VaR}$ appears attractive for its potential ability to solve several problems of VaR. This paper provides the first study on the backtesting of $\Lambda\mathrm{VaR}$. We propose three nonparametric tests which exploit different features. Two tests are based on simple results of probability theory. One test is unilateral and is more suitable for small samples of observations. A second test is bilateral and provides an asympto... e accurate compari... return distribut... er perfo... distributions that

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Disclosure statement

No potential conflict of interest was reported by the authors.