

Analysis of the Enterprise Risk Management (ERM) methodology and its application for optimizing the risk / return relation in the administration of international reserves

**Varinia Tindal
Denise Salazar**

Abstract

Enterprise Risk Management (ERM) is a methodology for risk management, which allows identifying risks and opportunities to optimize the creation of value from an integral point of view. This paper makes a comparison between traditional risk management and ERM, describes the fundamentals on which this methodology is based, and reviews the required capacities, principles and components for the application of ERM. Finally, this document presents the implementation analysis of this methodology in the administration of the foreign reserves of Central Bank of Bolivia (BCB) and a review of their risk limits.

Keywords: *Bolivia, ERM, foreign reserves, risk management*