

Note on option pricing model with credit risk

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Abstract

Credit risk is undoubtedly one of the most important issues for researchers and practitioners in the financial market. Therefore, credit risk should be considered when the option is priced. In fact, there have been many researches on the pricing of option with credit risk which is called vulnerable option. In this talk, we introduce the recent results on the vulnerable option pricing and discuss the future work on vulnerable option.

Keywords

Credit risk, Vulnerable option, Review