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# Abstract Details

**Title:** Financial Risk Management by Interest Rate Swaps

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**Abstract:** The financial derivative itself is merely a contract between two or more parties and its value is determined by fluctuations in the underlying assets. Derivatives are agreements between future buyer and future seller (for a thing called "underlier") which can be or must be sold at a future date. The various concepts of financial derivatives include Forward, Future, Swap, and Options. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and indexes. Most derivatives are characterized by high leverages. This paper focuses to interest rate swap, which is a sub classification of Swap. The objective of the research article is to investigate the role of interest rate swap for managing risk.

**Keywords:** Derivatives, Interest Rate Swap, Risk Management, Notional Principal, Hedge.