

Title of course	<b>Behavioural Finance and Investments</b>
Responsible instructor	Prof Dr Mareike Heinemann
Learning objectives	<ul style="list-style-type: none"> <li>▪ Apply insights from psychology to describe the judgement and decision-making of individual or professional investors and how financial markets are affected</li> <li>▪ Apply insights from psychology to describe the judgement and decision-making of (financial) managers and how corporate investment decision-making and future company performance are affected</li> <li>▪ Identify behavioural economic theories and understand the differences between a traditional finance perspective and a behavioural finance perspective</li> <li>▪ Know heuristics as rules of thumb in decision-making and contrast the heuristics-and-biases programme to other approaches of heuristic reasoning</li> <li>▪ Identify typical cognitive biases in decision-makers' judgement</li> <li>▪ Apply behavioural findings to the financial and corporate investment decision context</li> <li>▪ Understand the impact of further concepts such as overconfidence, mental accounting and the role of emotions in financial decision-making</li> <li>▪ Identify and critically evaluate debiasing strategies</li> </ul>
Course contents	<ol style="list-style-type: none"> <li>1. Evolution from traditional finance</li> <li>2. Foundations of behavioural finance</li> <li>3. The concept of heuristics and cognitive biases and their implications for financial decision-making</li> <li>4. Further psychological concepts and their implications for financial decision-making</li> <li>5. Applications to individual investor and corporate investment decision-making</li> <li>6. Debiasing and financial nudging</li> </ol>
Teaching methods	<ul style="list-style-type: none"> <li>▪ Lectures</li> <li>▪ Seminars</li> <li>▪ Exercises</li> <li>▪ Project work</li> </ul>
Prerequisites	There are no formal requirements.
Suggested reading	<p>Preferably most recent edition:</p> <ul style="list-style-type: none"> <li>▪ Ackert, L.F., Deaves, R.: Behavioral Finance: Psychology, Decision-Making, and Markets, South-Western</li> <li>▪ Baker, H.K., Nofsinger, J.R.: Behavioral Finance: Investors, Corporations, and Markets, John Wiley &amp; Sons</li> <li>▪ Bazerman, M. H., Moore, D. A.: Judgment in Managerial Decision Making, Wiley</li> <li>▪ Belsky, G., Gilovich, T.: Why Smart People make Big Money Mistakes and How to Correct Them, Simon &amp; Schuster</li> <li>▪ Hastie, R., Dawes, R. M.: Rational Choice in an Uncertain World: The Psychology of Judgment and Decision Making, Sage</li> <li>▪ Nofsinger, J.R.: The Psychology of Investing, Prentice Hall</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Plous, S.: The Psychology of Judgment and Decision Making, McGraw-Hill</li> <li>▪ Further references will be given during the classes.</li> </ul>
Applicability	<p>This course is in particular applicable to the following Master programmes: International Business and Economics (M.A.; "IBE"), Finance (M.Sc.).</p> <p>This course is also applicable to other business-oriented Master programmes offered by Schmalkalden University of Applied Sciences.</p>
Workload	<p>Total workload: 180 hours, of them:</p> <ul style="list-style-type: none"> <li>▪ Lecture: 45</li> <li>▪ Self-study: 135, of them: <ul style="list-style-type: none"> <li>▪ Course preparation (in particular reading): 40</li> <li>▪ Follow-up: 20</li> <li>▪ Preparation for academic research project: 45</li> <li>▪ Exam preparation: 30</li> </ul> </li> </ul>
ECTS credit points and weighting factor	6 ECTS credit points; weighting factor: 6/120 (IBE) or 6/90 (Finance), respectively
Basis of student evaluation	<ul style="list-style-type: none"> <li>▪ Comprehensive written examination, 90 minutes (80%)</li> <li>▪ Student research project and presentation (20%)</li> </ul>
Time	First academic year
Frequency	Each academic year
Duration	One semester
Course type	Elective course
Remarks	Teaching language is English.