

Title of course	Behavioural Finance and Investments
Responsible instructor	Prof Dr Mareike Heinemann
Learning objectives	<ul style="list-style-type: none"> ▪ Apply insights from psychology to describe the judgement and decision-making of individual or professional investors and how financial markets are affected ▪ 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 ▪ Identify behavioural economic theories and understand the differences between a traditional finance perspective and a behavioural finance perspective ▪ Know heuristics as rules of thumb in decision-making and contrast the heuristics-and-biases programme to other approaches of heuristic reasoning ▪ Identify typical cognitive biases in decision-makers' judgement ▪ Apply behavioural findings to the financial and corporate investment decision context ▪ Understand the impact of further concepts such as overconfidence mental accounting and the role of emotions in financial decision-making ▪ Identify and critically evaluate debiasing strategies
Course contents	<ol style="list-style-type: none"> 1. Introduction 2. Conventional approach to financial decision-making 3. Prospect Theory 4. The concept of heuristics and cognitive biases 5. Further psychological concepts 6. Implications for individual investor decision-making 7. Implications for corporate investment decision-making 8. Debiasing
Teaching methods	<ul style="list-style-type: none"> ▪ Lectures ▪ Seminars ▪ Exercises ▪ Project work
Prerequisites	There are no formal requirements.
Suggested reading	<p>Preferably most recent edition:</p> <ul style="list-style-type: none"> ▪ Ackert, L.F., Deaves, R.: Behavioral Finance: Psychology, Decision-Making, and Markets, South-Western ▪ Baker, H.K., Nofsinger, J.R.: Behavioral Finance: Investors, Corporations, and Markets, John Wiley & Sons ▪ Bazerman, M. H., Moore, D. A.: Judgment in Managerial Decision Making, Wiley ▪ Belsky, G., Gilovich, T.: Why Smart People make Big Money Mistakes and How to Correct Them, Simon & Schuster ▪ Hastie, R., Dawes, R. M.: Rational Choice in an Uncertain World: The Psychology of Judgment and Decision Making, Sage ▪ Nofsinger, J.R.: The Psychology of Investing, Prentice Hall ▪ Plous, S.: The Psychology of Judgment and Decision Making, McGraw-Hill

	<ul style="list-style-type: none"> ▪ Further references will be given during the classes.
Applicability	<p>This course is in particular applicable to the following Master programmes: International Business and Economics (M.A.; "IBE"), Finance (M.Sc.). 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"> ▪ Lecture: 45 ▪ Self-study: 135, of them: <ul style="list-style-type: none"> ▪ Course preparation (in particular reading): 40 ▪ Follow-up: 20 ▪ Preparation for academic research project: 45 ▪ Exam preparation: 30
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"> ▪ Comprehensive written examination, 90 minutes (80%) ▪ Student research project and presentation (20%)
Time	First academic year
Frequency	Each academic year
Duration	One semester
Course type	Elective course
Remarks	Teaching language is English.