Finance Elective Course Snapshot

FOSTER SCHOOL OF BUSINESS

Behavioral Finance

FIN 579 C/D

Many decisions by investors and managers deviate from traditional economic predictions. For example, many individuals are overconfident, strongly prefer immediate gratification, and are more altruistic than economists assume.

We will introduce concepts from psychology, sociology, and neuroscience to understand such deviations. We will then ask whether these deviations can affect market outcomes, such as stock prices. Finally, we will consider opportunities to exploit resulting market inefficiencies (e.g., through hedge fund strategies) as well as to employ technology to improve individuals' decisions (e.g., through robo advisors).

Winter 2019
MW
830-1020am

"In the not too distant future, the term 'behavioral finance' will be viewed as redundant.

What other kind of finance is there?"

Richard Thaler

Objective

The objective of the course is to better understand human decision making by combining concepts from economics with other social and even natural sciences.

While the emphasis is on financial decisions as well as financial market outcomes, insights can be applied to a broad set of decisions.

Audience

The course is particularly relevant for students with interests in:

- Investments
- Consumer finance
- FinTech
- Corporate finance
- Consumer choice

Teaching Method

Course material will be delivered through lectures, case studies, and possibly guest lectures.

The course requires familiarity with introductory microeconomics and basic probability theory.

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