



<b>Name</b>	BEHAVIOURAL FINANCE
<b>Component Modules</b>	-
<b>Subject area</b>	SECS-P/11
<b>Academic year and semester</b>	3rd year, 2nd semester
<b>Language of instruction</b>	English
<b>ECTS</b>	8
<b>Number of hours of lectures</b>	48
<b>Teachers</b>	
<b>Expected learning outcomes</b>	<p>At the end of the course, the student will have acquired interdisciplinary knowledge related to the fields of psychology and sociology to deal with the main financial issues with a critical and innovative approach. In particular, through the course, the student will develop an interdisciplinary vision useful for a better understanding of the complexity of decisions in the context of economic-financial choices. During the course, the knowledge suitable for identifying, measuring and managing the risks of financial operators, and for the profiling of investors in line with current European regulations, will be dispensed. In addition, the management of the main cognitive biases in corporate finance will be addressed.</p> <p>Through the course, the student will acquire interdisciplinary notions that will allow him to know and interpret the main theoretical and practical innovations deriving from the combination of psychology, sociology, and finance, as well as to interpret traditional theoretical models with a critical approach. At the end of the course the student will be able to recognize the main biases and heuristics that characterize the individual decision-making process, both of the consumer of financial products and services, and of business managers. The student will know the main biases that characterize the collective decision-making process in economic-financial contexts, and will be able to identify the main decision-making errors in a context of personal and professional financial choices. The student will also develop the ability to understand the origin of anomalies found in financial markets compared to the predictions of traditional theoretical models.</p> <p>At the end of the course, the student will develop the ability to formulate proposals for the application of behavioral sciences for the improvement of decision-making output in pension, insurance and investment contexts.</p> <p>At the end of the course the student will be able to effectively express the acquired knowledge and describe, using technical language, the aspects that characterize the decision-making process in finance.</p>
<b>Syllabus</b>	<p>The course program is divided into the following topics:</p> <p>Introduction to decision psychology in the economic and financial context  The main heuristics and distortions in investment, insurance and pension choices; the <i>de-biasing process</i>  The Prospectus Theory in Finance  Financial Risk: Propensity, Perception, and Tolerance  Risk Profiling in Investments  Psychometric tools, personality indices and behavioural tests  Anomalies and sentiment in financial markets  Behavioral Corporate Finance  Limits of Behavioral Finance and Origins of Neurofinance</p>
<b>Teaching and learning methods</b>	<p>Teaching is mainly delivered through lectures. In addition to lectures, the course also involves a number of hours of interactive teaching (at least one hour for each ECTS).</p> <p>The presentations of the group work take place in the classroom (3-6 hours). Additional seminars are planned to be held by practitioners and experts from other disciplines (psychology, sociology) in order to allow students to completely experience the interdisciplinary nature of the subject.</p> <p>Group work (optional)</p>



	<p>Attending students can concretely apply the knowledge acquired through the development of a group work consisting of two parts: the presentation of the analysis of a behavioral finance study relevant in the updated scientific literature and the proposal of a new research. Each group consists of 4-6 students. Group work is scheduled according to the didactic calendar.</p>
<b>Evaluation methods</b>	<p>The exam is oral; it includes at least four questions and lasts at least 30 minutes.</p> <p>The questions of the oral exam are aimed at verifying: the acquisition, by the students, of the knowledge and understanding of the theoretical aspects of the decision-making process in economics and finance (decision models, principles of rationality and violation, heuristics, bias and de-biasing in investment, insurance and pension choices, risk, market anomalies), through their illustration and description; knowledge and understanding of the main implications for the disciplines of banking and finance offered by psychology and sociology, also through the description of the main studies; the ability to analyze and interpret the main anomalies observed on the financial markets; the ability to express the acquired knowledge effectively and with language properties.</p> <p>The evaluation of the group work (optional) contributes to the final evaluation. Each group work, which consists of the preparation and oral presentation of a multimedia presentation, is evaluated on the basis of the ability to describe and analyze a work, suggested by the teacher, which describes a behavioral finance study relevant to the advancement of the discipline. The group work is evaluated on the originality of the proposed research and on the possibility of deriving operational implications for finance, as well as on communication skills and the use of appropriate language during the presentation of the work.</p>
<b>Assessment methods</b>	<p>The assessment of learning involves the assignment of a final grade expressed in thirtieths. The final oral exam consists of four questions. Each question is subject to a maximum score of 8 points. For the purposes of assigning the final grade, the questions have the same weight.</p> <p>To pass the exam with a grade close to 18/30, the student must demonstrate that he/she has acquired sufficient knowledge of the theoretical aspects of decision-making in economics and finance (main heuristics, bias and de-biasing in investment, insurance and pension choices, risk, market anomalies), through their illustration and description, and to be able to express the acquired knowledge effectively and clearly and with language properties. To achieve a score equal to or higher than 27/30, the student must demonstrate that: he has acquired an excellent knowledge of all the topics covered during the course, he has the ability to connect the knowledge acquired in a broad and in-depth multidisciplinary treatment, he must have the ability to present the main practical implications for the disciplines of banking and finance, using the appropriate technical language.</p> <p>Honours are awarded to students who obtain a grade of at least 31 points.</p> <p>For non-attending students and for attending students who choose not to prepare and present the group work, the final evaluation coincides with the assessment of oral learning.</p> <p>For attending students (at least 70% of the lessons) who choose to prepare and present the group work, the final grade is equal to the sum of the grade (expressed in thirtieths) of the final oral exam and the points (0-2) accrued with the group work. The score is assigned on the basis of the following parameters: rigor in describing the experiment analyzed and the one proposed (0-1 point), originality and operational usefulness of the proposed experiment (0-1 point). Honours are awarded to students who obtain a grade of at least 31 points.</p>
<b>Prerequisites</b>	<p>There are no prerequisites. However, it is advisable to acquire prior knowledge of Financial markets and institutions</p>
<b>Teaching materials</b>	<p>M. Statman (2019). <i>Behavioral Finance: The Second Generation</i>.</p>