

Ministry of Education

University of Economics Ho Chi Minh City

Undergraduate Degree

Course: Finance-Banking

Minor course: Corporate Finance

Course Syllabus

1. Course name: Behavioral Finance

2. Course Code:

3. Credit: 2 credits

4. Grade: 3rd year students

5. Course working time:

- Class attendance: 30 hours
- Self-study: 60 hours

6. Prerequisites: Corporate Finance, Monetary Theory.

7. Course objectives:

After completing this course, students can understand:

- the difference between normative finance and behavioral finance.
- the expected utility theory,
- the efficient market theory and capital market theory
- the prospect theory, framing and mental accounting
- major abnormalities in the financial markets and limits to arbitrage
- common human biases
- investor biases leading to biases in their decision models.
- The impact of manager biases on corporate financial decisions

8. Description:

Course Description

This course describes how individuals and firms make financial decisions, and how those decisions might deviate from those predicted by traditional financial or economic theory. Students explore the existence of psychological biases in financial decision-making, and

examine the impacts of these biases in financial markets and other financial settings. The course examines how the insights of behavioral finance complements the traditional finance paradigm.

9. Student tasks:

- Full class attendance
- Assigned presentation preparation
- Research

10. Materials:

- **Required text**

1. Lucy F. Ackert, Richard Deaves, (2009), *Behavioral finance - Psychology, Decision-Making, and Markets*, South – Western, Cengage Learning
2. H.Kent Baker and John R. Nofsinger, *Financial behavior - Behavior of investors, Enterprises and Markets*, John Wiley & Son, Inc.

- **References:**

1. Andrei Shleifer, (2000), *Inefficient Markets: An Introduction to Behavioral Finance*, Oxford University Press.
2. Robert J. Shiller, 2005, *Irrational Exuberance*, Broadway Books, Random House, Inc.
3. Hersh Shefrin (2002), *Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing*, Oxford University Press

11. Grading plan:

- Attendance: 10%
- Discussion: 10%
- Presentation: 30%
- Final exam: 50 %

12. Tentative schedule:

Day	Topic/Activity
Day 1 (4 hours)	Foundations of Finance I and II (Lecture + Discussion)
Day 2 (4 hours)	Prospect theory and behavioral finance (Lecture + Discussion)

Day 3 (4 hours)	Inefficient market (Lecture + Discussion)
Day 4 (4 hours)	Heuristics, biases and decision-making (Lecture + Discussion)
Day 5 (4 hours)	Overconfidence and decision-making (Lecture + Discussion)
Day 6 (4 hours)	Rational managers and irrational investors (Lecture + Discussion)
Day 7 (4 hours)	Behavioral finance and managerial decision-making, IPO and M&A (Lecture + Discussion)
Day 8 (4 hours)	Seminar
Total	30 hours