Course and Examination Fact Sheet: Autumn Semester 2020

9,334: Theoretical Behavioural Finance

ECTS credits: 4

Overview examination/s
(binding regulations see below)
Decentral - Oral examination (individual) (100%, 20 mins.)
Examination time: term time

Attached courses
Timetable -- Language -- Lecturer
9,334.1.00 Theoretical Behavioural Finance -- Englisch -- De Giorgi Enrico Giovanni

Course information

Course prerequisites
No prerequisites.

Learning objectives

- Students understand and explain how behavioural finance extends classical finance. They understand and explain how behavioural finance addresses some well-documented puzzles in classical finance, i.e., empirical facts that classical finance models cannot explain.
- Students understand and explain the behavioural models for financial decision making treated in class. They understand under which assumptions the different models hold and explain how deviations from the stated assumptions change the implications of the models.
- They apply behavioural models for portfolio selection and asset pricing to obtain testable assumptions related to portfolio decisions and asset prices.
- They explain how wealth management can be improved with the integration of relevant insights from behavioural finance.

Course content

This course gives an introduction to the Theory of Behavioural Finance. We first review classical paradigms of decision making under risk and discuss some of their main implications for portfolio selection and asset pricing. We then introduce the most important behavioural models for decision making under risk, focusing on Cumulative Prospect Theory, and more specifically, on editing, loss aversion, probability weighting, etc. We finally study behavioural portfolio selection and asset pricing models, also discussing important applications, e.g., to the advisory process of banks.

Content

1. Classical decision making and implications
2. Behavioural models of decision
3. Behavioural portfolio selection and asset pricing
4. Applications to private banking

Course structure

The course consists into eleven two-hour lectures that combine theoretical discussion and applications.
The oral exam will take place during the last week of the semester.

**Course literature**


(*) De Giorgi, Enrico (2020): Theoretical Behavioural Finance, Lecture Notes, HSG.


**Additional course information**

In the case of the President’s Board having to implement new directives due to the SARS-CoV-2 pandemic in AS2020, the course information listed above will be changed as follows:

- The course is conducted online via the platform Zoom;
- The recordings of the course are permanently available;
- The lecturer informs via StudyNet or e-mail on the changed implementation modalities of the course.

The examination information listed below would be changed as follows:

- The oral examination is conducted online and is being recorded.

**Examination information**

**Examination sub part/s**

1. Examination sub part (1/1)

**Examination time and form**

Decentral - Oral examination (individual) (100%, 20 mins.)

**Examination time: term time**

**Remark**

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**Examination-aid rule**

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

**Supplementary aids**

Fact sheet version: 1.0 as of 29/07/2020, valid for Autumn Semester 2020
Examination content

Content

1. Classical decision making and implications
2. Behavioural models of decision
3. Behavioural portfolio selection and asset pricing
4. Applications to private banking

Examination relevant literature
De Giorgi, Enrico (2020): Theoretical Behavioural Finance, Lecture Notes, HSG.

Please note

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW51) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 42 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 34 (Thursday, 20 August 2020);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 44 (Thursday, 29 October 2020).