



Course and Examination Fact Sheet: Spring Semester 2023

6,262: Behavioral Finance

ECTS credits: 3

Overview examination/s

(binding regulations see below)

Decentral - Written examination (with defined exam duration) (100%, 90 mins.)

Examination time: term time

Attached courses

Timetable -- Language -- Lecturer

[6,262,1.00 Behavioral Finance](#) -- Englisch -- [Mahmoud Ola](#)

Course information

Course prerequisites

There are no strict prerequisites in terms of previous courses passed. However, students should be familiar with basic theories of finance (portfolio theory, asset pricing, etc.) or at the very least have an interest in financial economics. Moreover, students should have come across basic economic principles such as supply and demand, utility functions, and choice under risk. Although the course will not be employing much advanced mathematics, familiarity with certain theoretical constructs is required to understand theories of behavior and their empirical and experimental manifestation.

Learning objectives

The goal of this course is to introduce the principles and concepts of behavioral economics as applied to financial decision making. Students will gain an understanding of how investors and individuals in general make financial decisions, and how these decisions affect the financial market.

Course content

This course describes how individuals and institutions make financial decisions, and how those decisions might deviate from those predicted by traditional financial and economic theory. Over the past several decades, the field of finance has developed a successful paradigm based on the notions that investors and managers are generally rational and the prices of securities are generally "efficient." In recent years, however, anecdotal evidence as well as theoretical and empirical research has shown this paradigm to be insufficient to describe various features of actual financial markets. In this course we examine how the insights of behavioral finance complement the traditional paradigm and shed light on the behavior of asset prices, individuals, and various institutions and practices. The course is taught through lectures, experimental studies, and some selected research articles. There is no required textbook, as there is not yet a suitable textbook available in this field.

Course outline:

1. Introduction to behavioral economics and behavioral finance
2. Classical models of decision making
3. Behavioral models of decision making
4. Investor biases



5. Selected topics

Course structure and indications of the learning and teaching design

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Course literature

Lecture slides and papers posted on the course website.

Additional course information

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Examination information

Examination sub part/s

1. Examination sub part (1/1)

Examination time and form

Decentral - Written examination (with defined exam duration) (100%, 90 mins.)

Examination time: term time

Remark

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Examination-aid rule

Closed Book

The use of aids is prohibited as a matter of principle, with the exception of pocket calculator models of the Texas Instruments TI-30 series and, in case of non-language exams, bilingual dictionaries without any handwritten notes. Any other aids that are admissible must be explicitly listed by faculty members in the paragraph entitled "Supplementary aids" of the course and examination fact sheet; this list is exhaustive.

Procuring any aids, as well as ensuring their working order, is the exclusive responsibility of students.

Supplementary aids

- none

Nature of examination

analog

Examination languages

Question language: English

Answer language: English

Examination content

All topics covered in class and in the slides, as well as in the papers posted on the course website are examinable. This includes:

- behavioral economics and behavioral finance
- Classical models of decision making
- Behavioral models of decision making
- Investor biases



Examination relevant literature

Lecture slides and papers posted on the course website before the end of the lecture period.

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 (CW21) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 12 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 04 (Thursday, 26 January 2023);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 20 March 2023);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 12 (Monday, 20 March 2023);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the de-registration period in CW 15 (Monday, 10 April 2023).