

<b>Course Title</b>	<b>Behavioral Finance</b>			
<b>Course Code</b>	<b>ACF 450</b>			
<b>Course Type</b>	<b>Elective</b>			
<b>Level</b>	<b>Undergraduate</b>			
<b>Year / Semester</b>	Year 4 / Semester 8			
<b>Teacher's Name</b>	ARISTIDIS SAMITAS/GEORGE ANAYIOTOS/POLINA ELLINA			
<b>ECTS</b>	6	<b>Lectures / week</b>	3	<b>Laboratories / week</b>
<b>Course Purpose and Objectives</b>	This course provides students with the knowledge of psychology on the financial decision making. Students should be able to explain financial puzzles using psychological biases and heuristics. Topics include the violation of the rational expectation hypothesis, psychological biases, and heuristics (overconfidence, optimism, anchoring and adjustment) and the impact of them in firm's financial decisions.			
<b>Learning Outcomes</b>	<p>Upon successful completion of this course, students should be able to:</p> <ul style="list-style-type: none"> <li>▪ Understand the role of psychology on the financial decision making</li> <li>▪ Recognize the impact of well-known psychological biases such as overconfidence and optimism on firm's decisions</li> <li>▪ Explain financial puzzles using psychological theory</li> <li>▪ Develop critical attitudes, which are necessary for life-long learning</li> </ul>			
<b>Prerequisites</b>	NONE	<b>Required</b>		
<b>Course Content</b>	<ul style="list-style-type: none"> <li>▪ Introduction to Behavioural Finance</li> </ul> <p>Violation of the rational expectation hypothesis, agent's behaviour (e.g., investors, managers, analysts), simple experiments.</p> <ul style="list-style-type: none"> <li>▪ Heuristics and Biases</li> </ul> <p>Availability, representativeness, anchoring and adjustment, irrationality to adaptation</p> <ul style="list-style-type: none"> <li>▪ Psychological Biases</li> </ul> <p>Overconfidence, optimism, miscalibration</p> <ul style="list-style-type: none"> <li>▪ Asset Pricing, Market Efficiency, and Agency Relationships</li> </ul>			

	<p>The pricing of risk, market efficiency, agency theory, from rationality to psychology, investor sentiment, behavioural efficient markets</p> <ul style="list-style-type: none"> <li>▪ Behavioural Portfolios</li> <li>▪ Prospect Theory</li> <li>▪ Implications of Biases for Financial Decision-Making</li> <li>▪ Behavioural Corporate Finance</li> </ul> <p>Rational managers and irrational investors, mispricing and goals of managers, investment and overconfidence, managerial overconfidence.</p>						
<p><b>Teaching Methodology</b></p>	<p>This course will be delivered as a combination of interactive lectures, handouts, and in-class problem-solving exercises that students will prepare to explain financial issues using psychological theory.</p>						
<p><b>Bibliography</b></p>	<ul style="list-style-type: none"> <li>▪ Finance for Normal People: How Investors and Markets Behave Statman Meir 2017 Oxford University Press</li> <li>▪ Behavioral Corporate Finance Shefrin Hersh 2005 New York: McGraw-Hill/ Irwin.</li> <li>▪ Thinking Fast and Slow Daniel Kahneman 2013 Farrar, Straus and Giroux / New York</li> <li>▪ Behavioral Finance: Psychology, Decision-Making, and Markets Ackert Deaves 1st edition 2010 Cengage Learning</li> <li>▪ Inefficient Markets: An Introduction to Behavioral Finance Andrei Shleifer Oxford University Press 2000</li> <li>▪ CFA Program Curriculum 2020 Level I, Wiley Market Efficiency (reading 46)</li> </ul>						
<p><b>Assessment</b></p>	<table border="0"> <tr> <td>Participation/Homework</td> <td>15%</td> </tr> <tr> <td>Midterm</td> <td>35%</td> </tr> <tr> <td>Final Exam</td> <td>50%</td> </tr> </table>	Participation/Homework	15%	Midterm	35%	Final Exam	50%
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<b>Language</b>	English
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