

**DESCRIPTION OF STUDY COURSE**

<b>Course unit title</b>	<b>Behavioral Finance</b>	
<b>Programme</b>	Bachelor International Finance	
<b>Year of study</b>	3rd year	
<b>Level of course unit (e.g. first, second or third cycle)</b>	First, Bachelor's study	
<b>Course unit code</b>	<b>BFa037</b>	
<b>Name of lecturer(s)</b>	Ilja Arefjevs	
<b>Credit points</b>	3 ECTS	
<b>Language of instruction</b>	English	
<b>Type of course unit (compulsory, optional)</b>	compulsory	
<b>Semester when the course unit is delivered</b>	6	
<b>Mode of delivery</b>	Face-to-face	
<b>Aim of Course</b>	The aim of the course is to reveal the basic concepts of behavioral finance discipline and understand its applications in business and finance.	
<b>Preliminary knowledge (prerequisites and co-requisites)</b>	Microeconomics, Macroeconomics, Corporate Financial Management, Financial Markets, Statistika	
<b>Course contents</b>	<ol style="list-style-type: none"> <li>1. Decision making</li> <li>2. Utility</li> <li>3. Arbitrage</li> <li>4. Cognitive biases</li> <li>5. Prospect theory</li> <li>6. Investor behavior</li> <li>7. Behavioral corporate finance</li> </ol>	
<b>Planned learning activities and teaching methods</b>	Student attends lectures and seminars, presents individual work. Total evaluation of the course consists of 20% active participation in lectures and seminars; 60% independent work and its presentation; 20% written exam at the end of the course.	
	Teaching methods	Student work load (1 CP = 40 hours of student work)
	Lectures	20%
	Practical works	30%
	Work at the library, independent studies	50%
	Total <b>80</b> hours	
<b>Learning outcomes of the course unit</b>	After the course students should be able to: <ol style="list-style-type: none"> <li>1. Understand main theories of decision-making.</li> <li>2. Understand application of psychology into decision-making.</li> <li>3. Ability to apply behavioral models in business and finance.</li> </ol>	



<b>Assessment methods and criteria</b>	Study outcomes	1.	2.	3.
	The form of assessment			
	In-class practical works and experiments			
	Individual work and its presentation			
	Written exam			
<b>Recommended or required reading</b>	<p>Required literature:</p> <ol style="list-style-type: none"> <li>1. Baker, H.K., Nofsinger, J.R., Behavioral Finance: Investors, Corporations, and Markets, Kolb R.W.Series, 2010</li> </ol> <p>Recommended literature:</p> <ol style="list-style-type: none"> <li>1. Behavioral Finance: Understanding the Social, Cognitive, and Economic Debates ,Wiley Finance, 2013</li> <li>2. Behavioral Finance and Wealth Management: How to Build Optimal Portfolios That Account for Investor Biases, Wiley Finance, 2012.</li> </ol>			
<b>Recommended optional programme components</b>	To be agreed at the start of the course.			