

Behavioral Finance

I. General Description

Behavioral finance roots in the belief that investors are not fully rational. The two building blocks of behavioral finance are “Psychology” and “Limits to arbitrage”. This course will first introduce the concepts of “irrationality” and then investigate the core issues of behavioral finance: The predictability of stock returns, investor behaviors and behavioral corporate finance.

II. Teaching Objectives

The purpose of this course is to provide students the fundamental theory of behavior finance, and to indicate how behavioral approaches offer a useful complement to standard finance theory. We hope that students can learn how to read and analyze academic papers independently and find their potential research topics.

III. Teaching Methods

Teaching method includes lecture and discussion.

IV. Teaching Materials

Course materials will be composed of academic papers, PowerPoint files, black board lectures, and additional materials.