Name of the Programme	: MBA (Financial Services)
Course Code	: MGF-528
Course Title	: Behavioural Finance
Number of Credits	: 2
Effective from AY	: 2022-23

Pre-requisites for the Course:	NIL	
Course Objectives:	To enable learners to comprehend the significance of behavioural finance,various theories of behaviour and to evaluate investors within the framework of behavioural biases.	
Content:	**Unit 1** **Introduction to Behavioural Finance** *Behavioural Finance:* Evolution, Key themes in Behavioural Finance: Heuristics, Framing, Emotions, Market Impact - Applications of Behavioural Finance: Investors, Corporations, Markets, Regulations - Important contributions in Behavioral Finance Literature - Criticisms of Behavioural Finance.	10 Hours
	Unit 2 **Foundations of Rational Finance and Theories ofBehaviour** *Rational Finance vs. Behavioural Finance:* Expected Utility Theory, Behavioural finance vs. Modern Portfolio Theory. Agency Theory, Influence of Psychology, Theories of Behavior and Individual Decision Making: Prospect theory, Heuristics, Perception, Economic rationality model, Bounded rationality model.	12 Hours
	Unit 3 **Behavioural Biases** *Behavioural Biases:* Cognitive biases and their significance, Specific biases, Overconfidence, How Overconfidence Affects Investor Decisions, Overconfidence and Risk, Illusion of Knowledge, Illusion of Control, Disposition Effect, Mental Accounting and other behavioural biases.	08 Hours
Pedagogy:	Lectures/ classroom discussion/ discussion using relevant research papers/ presentation/case study/ group project/ assignment or a combination of some of these. The sessions shall be interactive to enable peer group learning.	
References/ Readings:	1. Ackert, L. and Deaves, R. (2010). *Behavioral Finance – Psychology, Decision-Making and Markets.* South-Western Cengage Learning, United States. 2. Baddeley, M. (2019). *Behavioural Economics and Finance* (Second Edition). Routledge Taylor and Francis Group. 3. Burton, E. and Shah, S. (2013). *Behavioral Finance – Understanding the Social, Cognitive and Economic Debates*. Wiley, New Jersey. 4. Chandra, P. (2016). *Behavioural Finance.* McGraw Hill Education (India) Private Limited 5. Cruciani, C. (2017). *Investor Decision – Making and the Role of the Financial Advisor. A Behavioural Finance Approach.* PalgraveMacmillan. 6. Montier, J. (2007). *Behavioural Investing: A Practitioner's Guide to Applying Behavioural Finance*. John Willey and Sons, Ltd. 7. Montier, J. (2008). *Behavioural Finance: Insights into Irrational Minds and Markets.* John Willey and Sons, Ltd. Nofsinger, J. R. (2005). The Psychology of Investing (Second Edition). Pearson Prentice Hall.	

Course Outcomes:	Upon completion of this course, the students will be able to: **CO1.** Summarize the significance of behavioural finance and varioustheories of behaviour. **CO2.** Identify behavioural biases in investor and provide suitable investment advice.