



ME2031 Behavioural Finance

6.0 credits

Behavioural Finance

This is a translation of the Swedish, legally binding, course syllabus.

If the course is discontinued, students may request to be examined during the following two academic years

Establishment

Course syllabus for ME2031 valid from Autumn 2007

Grading scale

A, B, C, D, E, FX, F

Education cycle

Second cycle

Main field of study

Industrial Management

Specific prerequisites

ME2029 Finansiering eller SF2701 Finansiell matematik, grundkurs eller motsvarande

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

After the course the students should:

- Understand and being able to describe the main ideas within behavioral finance.
- Have knowledge about the different parts of the field.
- Have knowledge about and being able to describe the problems associated with traditional economic theory.
- Understand how psychological factors affect both investors and capital markets
- Have knowledge about the research within behavioral finance, both its methods and results.
- Being able to apply the knowledge and draw implication to actual investment situations.

Course contents

The course consists of three main parts:

- The individual investor and psychology
- Market efficiency – Limits to arbitrage
- Practical applications of behavioral finance

The course is given in form of lectures and seminars

Course literature

- Shefrin, H; Beyond Greed and Fear – Understanding Behavioral Finance and the Psychology of Investing, Oxford University Press, 2002
- Schleifer, A; Inefficient Markets – an Introduction to Behavioral Finance, Oxford University Press, 2000
- Compendium of articles

Examination

- SEM1 - Seminars, 3.0 credits, grading scale: P, F
- TEN1 - Examination, 3.0 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

Other requirements for final grade

Examination (TEN1; 3hp). Two reports and active participation in seminars (SEM1; 3ph).

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.