FINS 5555
BEHAVIOURAL FINANCE

Course Outline
Semester 1, 2016

Part A: Course-Specific Information
Part B: Key Policies, Student Responsibilities and Support
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PART A: COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS

<table>
<thead>
<tr>
<th>Name</th>
<th>Email</th>
<th>Location</th>
<th>Availability</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elise Payzan-LeNestour</td>
<td><a href="mailto:elise@unsw.edu.au">elise@unsw.edu.au</a></td>
<td>BUS 359A</td>
<td>See below</td>
<td>93854273</td>
</tr>
</tbody>
</table>

How to ask questions about the course, and/or discuss private matters?

At the end of each lecture: please feel free to come and chat with me at the end of each course.

In the discussion forums in Moodle: if you have questions regarding the course, you should always ask them first in the discussion forums in Moodle. This way, every student will benefit from both the question and its answer, and the amount of information available to everyone will be greatly improved. I will personally reply to questions at least once every 24h during the week, as well as at least once during the weekends. Each student is also strongly encouraged to reply to others’ questions and discuss any replies made. The quality and number of forum posts will weight strongly in the participation component of the assessment (see details in section 4.3). Further details on how to use the forums are available in Moodle.

In my office upon appointment: If you wish to have one-to-one time with me, send me an email first to schedule an appointment, not later than two days before. One-to-one meetings should be used only if you need to discuss either 1) private matters or personal requests that require a face-to-face discussion 2) course-related questions that you feel have not been adequately replied to through the discussion forums.

By email: please feel free to contact me by email at any time with any question that cannot be posted in the discussion forums (such as private requests or personal matters).

2 COURSE DETAILS

2.1 Teaching Times and Locations
This course consists of weekly three-hour lectures.

Because of the nature of the course, it is essential that you attend all FINS5555 lectures. IF YOU FAIL TO ATTEND MORE THAN 3 OF THE SCHEDULED CLASSES WITHOUT JUSTIFICATION, YOU WILL BE REFUSED FINAL ASSESSMENT.

2.2 Units of Credit
The course is worth 6 units of credit.

2.3 Summary of Course
In this course, we will examine how people make predictable and repeatable mistakes in financial decision-making. We will describe the nature of these mistakes and their origin, using insights from psychology, neurosciences and experimental economics on
how the human mind works. We will then discuss how incorporating these mistakes into our finance theories can markedly improve standard finance models studied in other courses. We will also consider how understanding the functioning of the human mind allows us to design a better world—in particular, better stock markets, retirement and healthcare systems. As such, this course is markedly multidisciplinary, lying at the intersection of financial economics and cognitive sciences, with both experimental and theoretical components.

This course is very interactive in nature. For instance, you will participate in several mini experiments. The first will be conducted during our first class. The next ones will be web-based. Most of the time, participating simply entails answering a couple of short questions online (upon receiving an email invitation to participate). You’ll also have the opportunity to conduct one mini experiment yourself (under my guidance of course); see “Opportunity to earn bonus points” below. If time permits (depending on how we progress in the course), we will also conduct an experimental session in the Business School Lab during our final lecture.

For each experiment, the aggregated results of all students will be presented and discussed in class collectively. These experiments are meant to illustrate in a vivid format the nature of the cognitive biases I will teach you in a more abstract (conceptual) format during the lectures. Please note that your individual answers are NOT an assessment. They are anonymous and hence will not be looked at, and are systematically discarded after each class.

Before each lecture, you are expected to familiarize yourself with the material corresponding to the lecture. This material is available on Moodle well in advance of the class itself. Do NOT wait until the day before to look at the material. Plan to spend at least 2-3 hours each week to study this material. The material comprises the lecture notes of the previous lectures (note that the lecture notes of a given lecture are posted after the lecture, not before), as well as a number of teaching tools (e.g., articles, supplementary lecture notes, short documentary movies, etc.).

2.4 Course Aims and Relationship to Other Courses
This course is an elective course in finance. It introduces cognitive biases and discusses the impact of these on financial decision-making as introduced in other courses. As such, this course is intended to complement other finance courses. In particular, FINS1613 Business Finance is a prerequisite for this course.

2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all postgraduate students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. ‘be an effective team player’). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. ‘participate collaboratively and responsibly in teams’).
For more information on the Postgraduate Program Learning Goals and Outcomes, see Part B of the course outline.

**Business Postgraduate Coursework Program Learning Goals and Outcomes**

1. **Knowledge:** Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.
   You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.

2. **Critical thinking and problem solving:** Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.
   You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.

3. **Communication:** Our graduates will be effective communicators in professional contexts.
   You should be able to:
   a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and
   b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.

4. **Teamwork:** Our graduates will be effective team participants.
   You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.

5. **Ethical, social and environmental responsibility:** Our graduates will have a sound awareness of ethical, social, cultural and environmental implications of business issues and practice.
   You should be able to:
   a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
   b. Consider social and cultural implications of business and/or management practice.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals for all Business postgraduate students:</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
<tr>
<td>1 Knowledge</td>
<td>Understand how cognitive biases predictably and consistently affect our decisions, and how our intuitions on how the mind works are faulty. Understand how these biases affect the decisions of finance practitioners. Understand experimental methods in</td>
<td>• Participation: in-class and forums • Group presentation • Case-study tutorial • Participation in experiments • Experimental report • Mid-term and final</td>
</tr>
<tr>
<td></td>
<td>Cognitive Sciences</td>
<td>Exams</td>
</tr>
<tr>
<td>---</td>
<td>-------------------</td>
<td>-------</td>
</tr>
</tbody>
</table>
| 2 | Critical thinking and problem solving | Apply this understanding to traditional models and techniques as taught in other courses.  
Apply this understanding to help promote more efficient financial decisions for different categories of actors (e.g., individual investors, professional traders).  
Suggest new experimental designs to test new behavioral hypotheses | • Forum posts (in the context of open discussions)  
• Forum posts (in the context of organized “forum contests”/debates)  
• Experimental report  
• Case-study tutorial |
| 3a | Written communication | Write in an accurate, concise and logical style | • Forum posts  
• Experimental report  
• Problem sets |
| 3b | Oral communication | Explain new concepts to fellow students, bring new ideas and convince the audience of their relevance, produce remarkable oral presentations | Oral team presentations in front of other students |
| 4 | Teamwork | Prepare a group discussion in collaboration and teamwork.  
Interact in a constructive way with fellow students during in-class debates. | • Group presentations  
• Case-study tutorial  
• In-class brainstorming sessions under lecturer’s guidance  
• Forum interactions between students |
| 5a. Ethical, environmental and sustainability responsibility | Analyze the root cause of corporate malfeasance and suggest institutional innovations to improve modern business environments. | Part of tutorial participation mark for last lecture in-class debate |
| 5b. Social and cultural awareness | Use knowledge learnt from this course to share with others novel insights on fundamental social questions such as: Why do some people gamble? Why do the elderly take excessive risks? Why do people save too little? | • Forum posts (in the context of open discussions)  
• Forum posts (in the context of organized “forum  
• In-class tutorial discussions |

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

The goal is to ensure that this course will be relevant and meaningful to you in class and after you graduate. To help achieve this objective I have a number of teaching aims:

- Create a climate of commitment, responsibility and ongoing feedback between...
students and lecturer regarding the content, teaching strategies, learning experiences and outcomes.

- Cater for a variety of learning preferences and abilities by providing a wide range of learning activities, formats and methodological approaches: I will punctuate my lectures with discussions, will use lecture notes, papers, and movies to communicate the material of the lectures. Also, the approach of the course will be both theoretical and experimental.
- Develop independent learning skills, and create an environment that provides structure and guidance, while encouraging students to extend their learning. For example, one required reading will be clearly specified each week on the reading list (see Section 7). Alongside this required reading, students will have the opportunity to flesh out the topics discussed during the lecture, through supplemental readings indicated in the reading list.
- Develop skills in collaboration and teamwork, which is directly relevant to the skills required of a finance professional.

This course is thus designed both for students aiming to pursue research in finance, and for students planning to join the industry after graduation.

3.2 Learning Activities and Teaching Strategies

High levels of interaction and preparation are required for this class and are intended to provide the necessary foundation for success in the workplace. Writing and communication skills are essential; so are organizational skills and a strong sense of responsibility. You will participate in small experiments, and will have the opportunity to develop critical thinking and problem solving.

4 ASSESSMENT

4.1 Formal Requirements

In order to pass this course, you must:
- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).

4.2 Assessment Details

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Learning Outcomes assessed</th>
<th>Graduate Attributes assessed</th>
<th>Length</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class preparation and participation</td>
<td>10% of final grade</td>
<td>1,2,3,4,5,6,7</td>
<td>1,2,3,4,5</td>
<td>Min 4 hours weekly (on average)</td>
<td>Every week, beginning in week 1</td>
</tr>
<tr>
<td>Mini-experiments participation (10)</td>
<td>8% of final grade</td>
<td>1,2</td>
<td>1,2,3,4</td>
<td>17 minutes each (on average)</td>
<td>Weeks 2-5, Week 7 (See details below)</td>
</tr>
<tr>
<td>Group presentation</td>
<td>19% of final grade</td>
<td>1,2,3,4,5,6,7</td>
<td>1,2,3,4,5</td>
<td>15 minutes</td>
<td>As assigned</td>
</tr>
<tr>
<td>Course Component</td>
<td>Weightage</td>
<td>Material Required</td>
<td>Duration</td>
<td>Exam Period</td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-----------</td>
<td>-------------------</td>
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<td>-------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Mid-Term exam</td>
<td>23%</td>
<td>1,2,3,4,5</td>
<td>1 hour</td>
<td>During Week 5 lecture</td>
<td></td>
</tr>
<tr>
<td>Optional assignments (opportunity to earn bonus points – NOT REQUIRED):</td>
<td></td>
<td></td>
<td></td>
<td>TBD</td>
<td></td>
</tr>
<tr>
<td>Problem sets (2), participation in forum contests, preparation or participation in optional experiment</td>
<td></td>
<td>1,2,3,4</td>
<td>Min 2 hours (on average)</td>
<td>During University Exam Period 10th to 27th of June, date &amp; time TBA</td>
<td></td>
</tr>
<tr>
<td>Final exam</td>
<td>40%</td>
<td>1,2,3,4,5</td>
<td>2 hours</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Details:**

**4.2.1 Class preparation and participation**

Class preparation primarily consists of studying the material posted on the course website before each lecture. This weekly material includes lecture notes of the previous lectures, journal articles and, occasionally, short documentary movies. For some of the lectures, class preparation also involves preparing the discussions we’ll have in the context of, e.g., the case-study tutorial during Week 3 lecture, the discussion of movies during Week 12 lecture, etc.

Class participation is highly important in this course. Students will be solicited for their critical thinking in a number of ways. E.g., they will be expected to actively participate in all in-class discussions (related to case studies, experimental results, course concepts, applications of behavioural finance in the industry, etc.). Also, students will regularly have the opportunity to answer questions I’ll be asking during the lectures.

An important component of class participation is to post high-quality posts in the discussion forums. Participation in the forums is easy since you can contribute whenever you want, not just during the course’s three hours. You should feel free to use the forums in any way you like. Some examples could be:

- Ask questions about concepts seen in the classroom, ask clarifications about a mandatory reading assignment, to make sure that you understand it, ask follow-up questions about concepts seen in the classroom, ask additional reading material on a specific subject, etc.
- Reply to the questions asked by your fellow students: offer your explanation about a reading; offer your understanding about a concept seen in the classroom, etc.
- Discuss readings or concepts: you should feel free to offer your reflection on a reading or a concept if you would like to talk about it with the rest of the
students. These discussions will enrich everyone’s understanding of the topics discussed.

- Provide feedback on the course: signal resources that you deem especially useful as well as resources you deem not-so-useful, provide feedback on the course pace, provide feedback on the structure of the course website (the features that work well and those that work not so well), etc.

- Participate in the ‘forum contests’ we’ll be running (more on this below).

- As a general rule, the forums should always be your first choice for questions and discussions outside of the classroom inasmuch as:

  1. They allow all the students to benefit from each question & answer (as opposed to having the same exchange by email, where only one student benefits from it).
  2. They allow us to build a pool of knowledge that can be archived and reused.
  3. They allow you to demonstrate class participation on your own terms, by allowing you to post 24/7 (as opposed to trying to participate within the short 3-hour lectures)

**IMPORTANT NOTE**

Before you post something, double-check that your post is written in proper English and does not contain inaccurate statements. Posting a bad-quality post may result in a ‘malus’ whereby I subtract points to your final grade, so be careful when/if you post something! Such malus rule is meant to provide students with strong incentives to not post bad posts. A bad post is defined as a post that is either off-topic, or that contains inaccurate statements, or that is written in bad English. I had to adopt this rule after students complained that they were very confused by some of the posts they read in the forums. Those posts contained inaccuracies, but this wasn’t clear to students until I posted my feedback.

4.2.2 Participation in mini online experiments

Generally, each time you’re assigned to participate in an experiment, you’ll receive an email with a link to participate in the experiment. Participating takes about 10 minutes. The data are automatically collected by the system—meaning your answers are completely anonymous. I won’t know what you answered; however, I’ll know whether you answered (the online system we’ll be using allows me to readily track who did participate and who didn’t).

Participation in all the experiments is compulsory. It is open till 24 hours before the lecture on which we’ll be discussing the results of the experiment (afterwards it’s too late to participate). Specifically, data collection is automatically closed 24 hours before the lecture and NO EXTENSION will be given (except if you qualify for special considerations of course).
4.2.3 Group presentations

The section of Moodle named “Pick-Your-Brain” contains short opinion pieces (called ‘pick-your-brains’) coming from a variety of sources, including finance newspapers, finance magazines, financial blogs... Each pick-your-brain relates to one (or several) topic(s) studied in class.

Small groups (4 or 5 students) will choose one of the pick-your-brains and will briefly explain its main points (and discuss them) in a 15-minute oral presentation. All group members receive the same mark for the presentation. Groups will be formed around Week 4 or 5. By default groups are formed following the alphabetical order, but if you want to be grouped with specific persons, you are allowed to request it by the beginning of Week 4 lecture, and I’ll try to accommodate your request.

Group presentations will start on Week 8 lecture. Once we have sufficiently progressed in the course (around Week 6), group members are expected to acquaint themselves with all the pick-your-brains available, and choose the pick-your-brain they want to discuss. Just send me an email signalling the group’s interest in commenting a given pick-your-brain. If two groups have requested the same pick-your-brain, they will be allocated the same pick-your-brain (in this case, we will have two presentations on the same topic). If more than two groups have requested the same pick-your-brain, I will randomly choose two groups among those. In the absence of expression of interest about a particular pick-your-brain, I will randomly allocate one. Note that it is in the groups’ best interest to carefully consider the pick-your-brains that are available, to choose the one they feel like discussing.

4.2.4 Mid-term exam

The mid-term examination tests the material covered during Weeks 1-4. It will take the form of a Multiple Choice Questionnaire. The examination is closed book. The mid-term exam is given in week 5, and I'll give you the results by the end of Week 6 lecture. So you will receive early feedback on your performance, which should help you decide whether you want to drop out the course without financial penalty.

4.2.5 Opportunity to earn bonus points

There will be three ways to earn bonus points. These bonus points will be added directly to your final grade for this course, so there is NO weighting for the bonus points, as they are added after your composite grade is defined. For example, if you achieve a composite grade of 75 (out of 100) for the course, and you have earned 2 bonus points during the course, then your final grade will be 75+2=77. Bonus points are thus valuable, and you should attempt to earn them.

4.2.5.1 Forum contests

On three occasions, I'll announce at the beginning of a lecture that there will be a forum contest on one of the topics seen during the previous lectures. I'll post the contest question in a dedicated forum thread. You will then have until the next Sunday midnight to post your answer in that forum thread.
After the forum is closed, I will decide on the best entry (based on its relevance and quality). The student who submitted the best answer will get the bonus points (how many points depends on the quality of his/her post). I can decide to allocate no points at all or on the contrary to allocate points to more than one entry.

Participation in the forum contests is purely optional. Not participating will not impact your composite grade. However, posting a bad-quality post may result in a `malus’ (i.e., I subtract points to your final grade), so be careful when/if you post something! A bad post is defined as a post that is either off-topic, or that contains inaccurate statements, or that is written in bad English.

4.2.5.2 Advanced homework assignments

On two occasions, I’ll also offer interested students the possibility to work on problem sets. These problem sets are more advanced than the assessments you will have to complete for the course. In particular, they require a good understanding of mathematical techniques seen in previous courses. Accordingly, they are purely optimal and are rewarded with bonus points (i.e., there is no penalty for not completing these problem sets).

I will post the problem sets on Moodle. You will choose freely to return them (if you do so, check the deadline) or not. Again, there won’t be any penalties for not completing these problem sets. They are purely optional and intended to reward students who want to demonstrate thorough understanding of concepts seen in class, without penalizing students who have a less solid background.

4.2.5.3 Running of a mini experiment under my guidance

For Experiment 10, students will have the opportunity to volunteer to conduct the experiment under my guidance. This involves finding subjects (e.g., by asking other students to participate in the experiment), running the experiment (about a couple of hours), analysing the data (only very simple summary statistics are involved), and sending me the results (in the form of a very short report). The more volunteers for the job, the better—we’ll pool all the data and the more data we’ll have, the more interesting the results will be to discuss. Participation is purely optional and intended to reward students who want to demonstrate their deep involvement in the course. Bonus points will be granted based on the quality of the work, which will be assessed according to a number of criteria such as the number of subjects recruited, the reliability of the findings, and the completeness and accuracy of the report.

4.2.6 Final exam

The final examination tests material covered in the lecture notes from Weeks 1-12. It will take the form of a Multiple Choice Questionnaire. The examination is closed book.

4.3 Assessment Format

4.3.1 Participation

Participation will be assessed based on quantity and quality of both questions & answers during the lectures and forum posts. During our first lectures, I’ll ask you to use nametags to facilitate assignment of participation marks.
4.3.2 Group presentations

Group presentations will be assessed based on both the content of the presentation and the speakers' communication skills. Note that it is impossible to disentangle the two aspects in an oral presentation: effective communication is key to transmit the content.

Regarding the content of the presentation, there are two central assessment criteria:

i) Clear explanation of the main points of the pick-your-brain to the audience

Speakers should assume the other students know nothing at all about the topic; act like teachers i.e., be rigorous, clear, and accurate.

ii) Critical thinking about the piece

Being critical does not necessarily mean criticizing what is said. If you do agree with the authors, this is fine; in this case, try to demonstrate the relevance of the main points by giving concrete applications in real-world finance. If you disagree, justify why you disagree.

Note that i) is core, so double-check your sound understanding of the article/podcast.

Some tips related to the content of the presentations:

- Beware of paraphrases: paraphrases often crop up when i) is not satisfactory
- Beware of off-topic digressions: often crop up when ii) is not satisfactory

Some tips to help you communicate more effectively:

- Work hard on your slides: they should be clear, well structured, comprehensive, and (a major plus if you can) remarkable
- Rehearse your talk at least once before the actual presentation; check you meet the time constraint (15 min is quite short!)
- Don't speak too quickly; try to control the pace of your speech

One more thing I expect from group presentations is that students do coordinate i.e., you have to meet and make sure you work together. Bad coordination may lead to:

- Having repetition of the same idea in several parts of the presentation
- Having contradictory statements (one student says something and the fellow student says the opposite)
- Having a talk that is poorly structured (because each group student does his/her own part in isolation, without considering the overall quality of the presentation)

Bear in mind a group presentation should never be the addition of the parts done in isolation by the group members. You have to work in team.

4.3.3 Experiments

Students who will have participated in all nine experiments will receive the maximum number of points assigned to this assignment (as indicated in the table Section 4.2.).

If you fail to participate in 1 experiment, you will only be given 50% of the maximum number of points. If you fail to participate in 2 experiments, you will be
given 25% of the maximum number of points. If you fail to participate in 3 or more experiments, you will receive a grade of 0 for this assignment.

Students won’t be assessed based on the nature of their answers (the answers will always be anonymous).

4.4 Assignment Submission Procedure
The deadline for participating in an experiment is 24 hours before the lecture on which the experiment results are discussed. For instance, Experiment 2 is indicated in Week 2 Lecture in the Course Schedule below. This means you’ll have till 24 hours before Week 2 Lecture to participate. The deadlines to submit the optional problem sets will be provided in due time.

Please note that the deadlines for all assignments depend on the pace of the course, which varies from a Semester to another. The deadlines indicated on the Course Schedule below are therefore indicative only, and may be updated on Moodle in due time. It is the students’ responsibility to carefully check these deadlines throughout the course.

4.5 Late Submission
You should not submit late unless you have a special acceptable reason. Any alleged reason needs to be backed up by an official certificate to be accepted as such; e.g., a car accident must be backed up by a police report. Whatever the reason of a late submission, you’ll have to submit to New South Central a request for special consideration due to illness or misadventure application (https://my.unsw.edu.au/student/atoz/consideration.pdf).

Quality Assurance
The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

5 COURSE RESOURCES

Moodle course website
The course website on Moodle is the resources hub. All materials will be posted there and the discussion forums will be accessible on Moodle as well. Chat sessions will also be organized through Moodle on an as-needed basis.

Students have to acquaint themselves with the material posted on Moodle to prepare each lecture. In particular, they should systematically consult in the section LECTURES the subsection that corresponds to each week’s lecture: Lecture1, Lecture 2, ..., Lecture12.
Lecture notes

One of the liberating features of the behavioural finance field is that there is not yet any full-blown textbook. In the absence of a suitable textbook, we will use my lecture notes.

Given the interactive nature of the course, the lecture notes for a class won’t be posted ahead of a class but the evening following the class. I know that not having lecture notes to study before the class is intimidating for some of you, but you should not worry about this point: you will have the mandatory article to read before each lecture, which is a good way to prepare the lecture. Also, before each lecture, it is important that you read the lecture notes of the previous lecture.

Please note: The lecture notes are quite rich and should be studied each week after the class to prepare the mid-term and final exams effectively. When reviewing the lecture notes after a class, ask on the Forum any clarifying questions that you may have.

Reading list

We will also be reading straight from the original research papers indicated on the reading list (in annex of this document—updated reading lists will be posted on the course website as needed). I will discuss the content of most of the articles of the reading list in class. This reading list may seem intimidating at first glance, but note that there is only one reading that is mandatory before each course. The rest consists of supplemental readings, i.e., readings that are optional. Some of these supplementary readings are starred: I suggest that you at least read the abstract. So much of a paper is in the abstract (if the abstract is well written). Non-starred readings are for those possibly interested in doing research in behavioural finance at some point. When reading a paper on your own, try to take away the key intuitions, don’t dwell on details.

The mandatory articles will be available on Moodle (PDF format). The supplementary articles are available for download through the UNSW network by using the direct link provided; please ask me if you have any difficulty to access an article you would like to read.

Other Resources

In some of the lectures, I will use documentary movies, which are posted on Moodle (in Multimedia).

6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students about the courses offered in the School and continual improvements are made based on this feedback. I am looking forward to your feedback, and a discussion forum will be specifically dedicated to receiving your feedback on the course. This way, you will be able to provide feedback continuously throughout the semester.

7 COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Lecture Topic</th>
<th>Reading</th>
<th>Assignments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>See</td>
<td>Experiment 1 done in class</td>
</tr>
<tr>
<td>Topic</td>
<td>Experiment</td>
<td>Reading List</td>
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<tr>
<td><strong>Experiment 1 (in-class): The Dollar Auction</strong></td>
<td><strong>Limits to Arbitrage</strong></td>
<td>Experiments 2&amp;3 (online)</td>
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<td></td>
<td>[Friedman critique, Risks induced by arbitrage: <em>Fundamental risk, Noise trader risk, Horizon risk; Destabilizing arbitrage; Evidence on limited arbitrage</em>]</td>
<td>-Experiments 4&amp;5 (online) -Prepare case-study discussion</td>
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<td></td>
<td><strong>Cognitive Biases—Preferences (2 hrs)</strong></td>
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<td></td>
<td>[Prospect Theory: <em>Value and Probability Weighting functions</em>]</td>
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<td><strong>Tutorial (1 hr)</strong></td>
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<td>[Case-study on limited arbitrage]</td>
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<td></td>
<td><strong>Cognitive Biases—Preferences (cont.)</strong></td>
<td>Experiments 6&amp;7 (online)</td>
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<td>[Prospect Theory: <em>Framing Effects</em>]</td>
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<td></td>
<td><strong>Cognitive Biases—Preferences (cont.) (2 hrs)</strong></td>
<td>Experiments 8&amp;9 (online)</td>
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<td></td>
<td>[Non-consequentialism: <em>Disjunction Effect, Self-deception</em>]</td>
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<td><strong>Mid-term Exam (1 hr) [MCQ]</strong></td>
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<td><strong>Cognitive Biases—Preferences (Neurofinance)</strong></td>
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<td>[Emotions: <em>Somatic Marker Hypothesis, Ambiguity aversion, Hyperbolic discounting</em>]</td>
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<td><strong>Cognitive Biases—Beliefs</strong></td>
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<td></td>
<td>[Expert judgment, Learning]</td>
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<td></td>
<td><strong>Cognitive Biases—Beliefs (cont.)</strong></td>
<td>Problem set 1 (optional)</td>
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<td>[Learning (cont.), Narratives &amp; Superstitions]</td>
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<td><strong>Applications: Behavioural Finance 1</strong></td>
<td>Problem set 2 (optional)</td>
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<td>[The aggregate stock market: <em>Three Puzzles, Behavioural explanations</em>]</td>
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<td><strong>Applications: Behavioural Finance 1 (cont.)</strong></td>
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<td>[Cross-section of average returns: <em>Anomalies, Behavioural explanations; Other puzzles: Closed-end funds puzzle, Comovement</em>]</td>
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<td><strong>Applications: Behavioural Finance 2</strong></td>
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<td></td>
<td>[Understanding investor behaviour (Savings &amp; Investment), what “Intelligence” means for investors (Self-Control, <em>Theory of Mind</em>, Adaptation skills)]</td>
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<td></td>
<td><strong>Applications: Behavioural Finance 2 (cont.)</strong></td>
<td>Watch Zimbardo and Milgram movies to prepare in-class discussion</td>
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<tr>
<td></td>
<td>[Discussion of Zimbardo and Milgram experiments and implications for corporate governance]</td>
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</table>
PART B: KEY POLICIES, STUDENT RESPONSIBILITIES AND SUPPORT

8 PROGRAM LEARNING GOALS AND OUTCOMES

The Business School Program Learning Goals reflect what we want all students to BE or HAVE by the time they successfully complete their degree, regardless of their individual majors or specialisations. For example, we want all our graduates to HAVE a high level of business knowledge, and a sound awareness of ethical, social, cultural and environmental implications of business. As well, we want all our graduates to BE effective problem-solvers, communicators and team participants. These are our overall learning goals for you and are sought after by employers.

You can demonstrate your achievement of these goals by the specific outcomes you achieve by the end of your degree (e.g. be able to analyse and research business problems and propose well-justified solutions). Each course contributes to your development of two or more program learning goals/outcomes by providing opportunities for you to practise these skills and to be assessed and receive feedback.

Program Learning Goals for undergraduate and postgraduate students cover the same key areas (application of business knowledge, critical thinking, communication and teamwork, ethical, social and environmental responsibility), which are key goals for all Business students and essential for success in a globalised world. However, the specific outcomes reflect different expectations for these levels of study.

We strongly advise you to choose a range of courses which assist your development of these skills, e.g., courses assessing written and oral communication skills, and to keep a record of your achievements against the Program Learning Goals as part of your portfolio.

<table>
<thead>
<tr>
<th>Business Postgraduate Coursework Program Learning Goals and Outcomes</th>
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<tbody>
<tr>
<td>1. Knowledge: Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts. You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.</td>
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<tr>
<td>2. Critical thinking and problem solving: Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues. You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.</td>
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<tr>
<td>3. Communication: Our graduates will be effective communicators in professional contexts. You should be able to: a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.</td>
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<tr>
<td>4. Teamwork: Our graduates will be effective team participants. You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.</td>
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<tr>
<td>5. Ethical, social and environmental responsibility: Our graduates will have a sound awareness of ethical, social, cultural and environmental implications of business issues and</td>
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</tbody>
</table>

business.unsw.edu.au

CRICOS Code 00098G
You should be able to:

a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
b. Consider social and cultural implications of business and/or management practice.

9  ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For UNSW policies, penalties, and information to help you avoid plagiarism see: https://student.unsw.edu.au/plagiarism as well as the guidelines in the online ELISE tutorials for all new UNSW students: http://subjectguides.library.unsw.edu.au/elise

To see if you understand plagiarism, do this short quiz: https://student.unsw.edu.au/plagiarism-quiz

For information on how to acknowledge your sources and reference correctly, see: https://student.unsw.edu.au/harvard-referencing

For the Business School Harvard Referencing Guide, see the Business Referencing and Plagiarism webpage (Business >Students>Learning support> Resources>Referencing and plagiarism).

For information for staff on how UNSW defines plagiarism, the types of penalties that apply and the protocol around handling plagiarism cases, see: https://www.gs.unsw.edu.au/policy/documents/plagiarismpolicy.pdf

10  STUDENT RESPONSIBILITIES AND CONDUCT

Students are expected to be familiar with and adhere to university policies in relation to class attendance and general conduct and behaviour, including maintaining a safe, respectful environment; and to understand their obligations in relation to workload, assessment and keeping informed.

Information and policies on these topics can be found in UNSW Current Students ‘Managing your Program’ webpages: https://student.unsw.edu.au/program.

10.1 Workload

It is expected that you will spend at least nine to ten hours per week studying this course. This time should be made up of reading, research, working on exercises and problems, online activities and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater. Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

We strongly encourage you to connect with your Moodle course websites in the first week of semester. Local and international research indicates that students who engage early and often with their course website are more likely to pass their course.

Information on expected workload: https://student.unsw.edu.au/uoc
10.2 Attendance
Your regular and punctual attendance at lectures and seminars, as well as in online activities, is expected in this course. University regulations indicate that if students attend less than 80% of scheduled classes they may be refused final assessment. For more information, see: https://student.unsw.edu.au/attendance

10.3 General Conduct and Behaviour
You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: https://student.unsw.edu.au/conduct

10.4 Health and Safety
UNSW Policy requires each person to work safely and responsibly, in order to avoid personal injury and to protect the safety of others. For more information, see http://safety.unsw.edu.au/.

10.5 Keeping Informed
You should take note of all announcements made in lectures, tutorials or on the course website. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information. It is also your responsibility to keep the University informed of all changes to your contact details.

11 SPECIAL CONSIDERATION
You must submit all assignments and attend all examinations scheduled for your course. You should seek assistance early if you suffer illness or misadventure which affects your course progress.

General information on special consideration for undergraduate and postgraduate courses:
1. All applications for special consideration must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services > Online Services > Special Consideration). You will then need to submit the originals or certified copies of your completed Professional Authority form (pdf - download here) and other supporting documentation to Student Central. For more information, please study carefully in advance the instructions and conditions at: https://student.unsw.edu.au/special-consideration
2. Please note that documentation may be checked for authenticity and the submission of false documentation will be treated as academic misconduct. The School may ask to see the original or certified copy.
3. Applications will not be accepted by teaching staff. The lecturer-in-charge will be automatically notified when you lodge an online application for special consideration.
4. Decisions and recommendations are only made by lecturers-in-charge (or by the Faculty Panel in the case of UG final exam special considerations), not by tutors.
5. Applying for special consideration does not automatically mean that you will be granted a supplementary exam or other concession.
6. Special consideration requests **do not allow** lecturers-in-charge to award students additional marks.

**Special consideration and the Final Exam in postgraduate courses:**

Applications for special consideration in relation to the final exam are considered by a Business School Faculty panel to which lecturers-in-charge provide their recommendations for each request. If the Faculty panel grants a special consideration request, this will entitle the student to sit a supplementary examination. No other form of consideration will be granted. The following procedures will apply:

1. Supplementary exams will be scheduled centrally and will be held approximately two weeks after the formal examination period. The dates for Business School supplementary exams for Semester 1, 2016 are:
   - 12th July – exams for the School of Accounting
   - 13th July – exams for all Schools except Accounting and Economics
   - 14th July – exams for the School of Economics

   **If a student lodges a special consideration for the final exam, they are stating they will be available on the above dates. Supplementary exams will not be held at any other time.**

2. Where a student is granted a supplementary examination as a result of a request for special consideration, the student’s original exam (if completed) will be ignored and only the mark achieved in the supplementary examination will count towards the final grade. Failure to attend the supplementary exam will not entitle the student to have the original exam paper marked and may result in a zero mark for the final exam.

   If you attend the regular final exam, you are extremely unlikely to be granted a supplementary exam. Hence if you are too ill to perform up to your normal standard in the regular final exam, you are strongly advised not to attend. However, granting of a supplementary exam in such cases is not automatic. You would still need to satisfy the criteria stated above.

   The Business School’s Special Consideration and Supplementary Examination Policy and Procedures for Final Exams for Undergraduate Courses is available at: www.business.unsw.edu.au/Students-Site/Documents/supplementary_exam_procedures.pdf

**Special consideration and assessments other than the Final Exam postgraduate courses:**

Special considerations must be applied for using the online system above for any assessment more than 20% of the student’s final mark. The lecture will advise the outcome of the special consideration via the online system.
12 STUDENT RESOURCES AND SUPPORT

The University and the Business School provide a wide range of support services for students, including:

- **Business School Education Development Unit (EDU)**
  https://www.business.unsw.edu.au/students/resources/learning-support
  The EDU provides academic writing, study skills and maths support specifically for Business students. Services include workshops, online resources, and individual consultations. EDU Office: Level 1, Room 1033, Quadrangle Building. Phone: 9385 5584; Email: edu@unsw.edu.au.

- **Business Student Centre**
  https://www.business.unsw.edu.au/students/resources/student-centre
  Provides advice and direction on all aspects of admission, enrolment and graduation. Office: Level 1, Room 1028 in the Quadrangle Building; Phone: 9385 3189.

- **Moodle eLearning Support**
  For online help using Moodle, go to: https://student.unsw.edu.au/moodle-support. For technical support, email: itservicecentre@unsw.edu.au; Phone: 9385 1333.

- **UNSW Learning Centre**
  www.lc.unsw.edu.au Provides academic skills support services, including workshops and resources, for all UNSW students. See website for details.

- **Library training and search support services**
  http://info.library.unsw.edu.au/web/services/services.html

- **IT Service Centre**

- **UNSW Counselling and Psychological Services**
  https://student.unsw.edu.au/wellbeing Provides support and services if you need help with your personal life, getting your academic life back on track or just want to know how to stay safe, including free, confidential counselling. Office: Level 2, East Wing, Quadrangle Building; Phone: 9385 5418; Email: counselling@unsw.edu.au

- **Student Equity & Disabilities Unit**
  http://www.studentequity.unsw.edu.au Provides advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning. Office: Ground Floor, John Goodsell Building; Phone: 9385 4734; Email: seadu@unsw.edu.au