



Behavioural Finance

BANK 5018 Study Period 2 - 2019

Internal - City West Campus

Introduction

Welcome

Welcome to Behavioural Finance (or BANK 5018).

My name is Hao Zhou and I will be your instructor and coordinator for this subject during this study period. My role is to assist you with the academic content of this course. I will be your primary point of contact for all information about the course including course content, teaching arrangements, course materials, assessment requirements, and grades.

I suggest you start by reading this course outline as it explains the rules for this semester. Please refer to the course Learnonline site for other information to assist you with your studies.

I wish you all good luck. Please do not hesitate to contact me if you have any problems.

Course Teaching Staff

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* Please refer to your Course homepage for the most up to date list of course teaching staff.

School Contact Details

School of Commerce

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Additional Contact Details

IRESS Trading Room Instructor

Dr Damien Wallace

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Course Overview

Prerequisite(s)

Group Courses

Students must have completed all courses in any of the following group(s).

Group 1

BUSS 5233 Corporate Finance

- or -

Group 2

BUSS 5249 Managerial Finance

Corequisite(s)

There are no corequisite courses to be completed in conjunction with this course.

Course Aim

Behavioural Finance aims to:

- introduce students to behavioural theories of finance and financial decision making.
- compare and contrast rational and behavioural theories of finance and financial decision making.
- extend students' knowledge of finance by demonstrating how "real" investors and markets do not always correspond to the rational agents and outcomes described in standard finance courses.

Course Objectives

On completion of this course, students should be able to:

CO1. Identify the behavioural biases, heuristics and framing effects that present obstacles to maximising the value derived from corporate financial and investment decisions

CO2. Assess how both individual financial decision making and behaviour affect investment outcomes in financial markets

CO3. Highlight the relevant issues that arise in comparisons between efficient ('economically rational') markets and less understood but more realistic behavioural ('partially rational' or 'irrational') markets

CO4. Demonstrate how educated investors and corporate decision makers can overcome these behavioural biases, heuristics and framing effects to improve their corporate financial and investment decisions

CO5. Demonstrate Business School Enterprise Skills in the context of the Finance discipline: i) Problem Solving (intermediate and advanced levels); and ii) Written Communication (intermediate and advanced levels)

Upon completion of this course, students will have achieved the following combination of Graduate Qualities and Course Objectives:

Graduate Qualities being assessed through the course							
	GQ1	GQ2	GQ3	GQ4	GQ5	GQ6	GQ7
CO1	•					•	
CO2	•			•			
CO3	•					•	
CO4	•		•				
CO5			•			•	

Graduate Qualities

A graduate of UniSA:

GQ1. operates effectively with and upon a body of knowledge of sufficient depth to begin professional practice

GQ2. is prepared for life-long learning in pursuit of personal development and excellence in professional practice

GQ3. is an effective problem solver, capable of applying logical, critical, and creative thinking to a range of problems

GQ4. can work both autonomously and collaboratively as a professional

GQ5. is committed to ethical action and social responsibility as a professional and citizen

GQ6. communicates effectively in professional practice and as a member of the community

GQ7. demonstrates international perspectives as a professional and as a citizen

Course Content

Behavioural finance and the psychology of finance. Behavioural foundations: biases; heuristics; and framing effects. Biases: optimism; overconfidence; confirmation and illusion of control. Heuristics: representativeness; availability; anchoring and adjustment; and interacting phenomena. Framing effects: attitudes towards risk and loss; aversion to a sure loss; and narrow framing bias. Interaction of behavioural biases and corporate investment and other corporate finance and investment decisions; implications for market efficiency and decision making; overcoming biases in corporate finance and investment decisions. Case studies

Teaching and Learning Arrangements

Computer Practical (Trading Lab)	2 hours x 5 weeks
Seminar	2 hours x 10 weeks
Preparatory	1 x 1 week

Unit Value

4.5 units

Use of recorded material

This course will involve the production of audio and/or video recordings of UniSA students. To protect student privacy, you must not at any time disclose, reproduce or publish these recordings, or related material, in the public domain including online, unless the videoed students give consent for reproduction, disclosure or publication. This requirement is consistent with University statutes, by-laws, policies, rules and guidelines which you agreed to abide by when you signed the Student Enrolment Declaration.

Learning Resources

Textbook(s)

You will need continual access to the following text(s) to complete this course. Where possible the Library will make the book available for student use. Please check the Library catalogue before purchasing the book(s). The Library will always seek to purchase resources that allow an unlimited number of concurrent users, however availability is dependent on license arrangements with book publishers and platforms. <http://www.library.unisa.edu.au>

Ackert, L & Deaves, R (2010). *Behavioral Finance: Psychology, Decision-Making, and Markets* (1st edn). Cengage Learning.

Reference(s)

DO NOT BUY Nofsinger, John R 2012, *The psychology of investing*, 5th edn, Pearson Education, New Jersey.

Materials to be accessed online

learnonline course site

All course related materials can be accessed through your learn**online** course site which you will be able to access from the my Courses section in myUniSA.

myUniSA

All study related materials can be accessed through: <https://my.unisa.edu.au>

Assessment

Assessment Details

Details of assessment submission and return are listed under each assessment task. Assessment tasks will be returned to you within two to three weeks of submission.

If the Course Coordinator allows submissions in hard copy format, you will be required to attach an Assignment Cover Sheet which is available on the learnonline student help (<https://lo.unisa.edu.au/mod/book/view.php?id=1843&chapterid=567>) and in myUniSA.

Assessment Summary

#	Form of assessment	Length	Duration	Weighting	Due date (Adelaide Time)	Submit via	Objectives being assessed
1	Continuous assessment	N/A	N/A	20%	10 May 2019, 5:00 PM	learnonline	CO1, CO4
2	Group presentation	1800 words	N/A	30%	19 Apr 2019, 5:00 PM	learnonline	CO1, CO2, CO3, CO4
3	Essay	3000 words	N/A	50%	7 Jun 2019, 5:00 PM	learnonline	CO1, CO2, CO3, CO4, CO5

Feedback proformas

The feedback proforma is available on your course site.

Assessments

Continuous assessment (Graded)

This assignment is designed to help students in formulating their final essay project.

Students are required to submit a proposal (maximum 3 pages) for the research in their final essay.

Feedback will be provided with the suggested modifications to the final project.

Team presentation (Graded)

This assignment is designed to help students learn how to understand rational finance and identify behavioural finance issues in the market place.

Students will have to make a video presentation (5-10 mins) to explain the concepts of their chosen subarea in the context of rational and behavioural finance.

The video presentation must be supported by a PowerPoint slide presentation with a maximum of 10 pages.

Essay (Graded)

As the final assessment, an essay with extensive research on the topic of behavioural finance is required.

The essay should contribute to the theory and/or practice in the field of behavioural finance.

Students will formulate their research topic in reference to the assessment guide (to be published early in the study period).

The course coordinator will help monitor the formation of the topic and the validity of the project throughout the study period.

Students are especially encouraged to engage with the feedback provided in the assessment of the research proposal (continuous assessment).

Submission and return of assessment tasks

See above under Assessment details.

Exam Arrangements

This course does not have an exam.

Variations to exam arrangements

Variation to exam arrangements does not apply to this course.

Supplementary Assessment

Supplementary assessment or examination offers students an opportunity to gain a supplementary pass (SP) and is available to all students under the following conditions unless supplementary assessment or examination has not been approved for the course:

1. if the student has achieved a final grade between 45-49 per cent (F1) in a course
2. if a student who has successfully completed all of the courses within their program, with the exception of two courses in which they were enrolled in their final study period, a supplementary assessment or examination may be granted where the final grade in either or both of these courses, is less than 45 percent (F1 or F2) and all assessments in the courses were attempted by the student. Supplementary assessment will not be available for a course under investigation for academic integrity until the investigation is completed, and determined that it did not constitute academic misconduct.

More information about supplementary assessment is available in section 7.5 of the Assessment Policy and Procedures Manual.

<http://i.unisa.edu.au/policies-and-procedures/codes/assessment-policies/>

Important information about all assessment

All students must adhere to the University of South Australia's policies about assessment:

<http://i.unisa.edu.au/policies-and-procedures/codes/assessment-policies/>.

Additional assessment requirements

There are no additional assessment requirements identified for this course.

Students with disabilities or medical conditions

Students with disabilities or medical conditions or students who are carers of a person with a disability may be entitled to a variation or modification to standard assessment arrangements. See Section 7 of the Assessment Policy and Procedures Manual (APPM) at: <http://i.unisa.edu.au/policies-and-procedures/codes/assessment-policies/>

Students who require variations or modifications to standard assessment arrangements should make contact with their Course Coordinator as early as possible in order to ensure that appropriate supports can be implemented or arranged in a timely manner.

Students can register for an Access Plan with UniSA Access & Inclusion Service. It is important to make contact early to ensure that appropriate support can be implemented or arranged in a timely manner. See the Disability Hub for more information: <http://www.unisa.edu.au/Disability/Current-students>

Students are advised there is a deadline to finalise Access Plan arrangements for examinations. Further

information is available at: http://i.unisa.edu.au/campus-central/Exams_R/Before-the-Exam/Alternative-exam-arrangements/

Deferred Assessment or Examination

Deferred assessment or examination is available for the course.

Special Consideration

Special consideration is available for this course. Note: Special consideration cannot be granted for a deferred assessment or examination, or a supplementary assessment or examination. APPM 7.7.6

Variations to assessment tasks

Variation to assessment methods, tasks and timelines may be provided in:

Unexpected or exceptional circumstances, for example bereavement, unexpected illness (details of unexpected or exceptional circumstances for which variation may be considered are discussed in clauses 7.8 - 7.10 of the Assessment Policy and Procedures Manual). Variation to assessment in unexpected or exceptional circumstances should be discussed with your course coordinator as soon as possible.

Special circumstances, for example religious observance grounds, or community services (details of special circumstances for which variation can be considered are discussed in clause 7.11 of the Assessment Policy and Procedures Manual). Variations to assessment in expected circumstances must be requested within the first two weeks of the course (or equivalent for accelerated or intensive teaching).

Students with disabilities or medical conditions please refer to **Students with disabilities or medical conditions**.

Academic Integrity

Academic integrity is the foundation of university life and is fundamental to the reputation of UniSA and its staff and students. Academic integrity means a commitment by all staff and students to act with honesty, trustworthiness, fairness, respect and responsibility in all academic work.

An important part of practising integrity in academic work is showing respect for other people's ideas, and being honest about how they have contributed to your work. This means taking care not to represent the work of others as your own. Using another person's work without proper acknowledgement is considered Academic Misconduct, and the University takes this very seriously.

The University of South Australia expects students to demonstrate the highest standards of academic integrity so that its degrees are earned honestly and are trusted and valued by its students and their employers. To ensure this happens, the University has policies and procedures in place to promote academic integrity and manage academic misconduct. For example, work submitted electronically by students for assessment will be examined for copied and un-referenced text using the text comparison software Turnitin <http://www.turnitin.com>.

More information about academic integrity and what constitutes academic misconduct can be found in Section 9 of the Assessment Policies and Procedures Manual (APPM): <http://i.unisa.edu.au/policies-and-procedures/codes/assessment-policies/>. The Academic Integrity Module explains in more detail how students can work with integrity at the University: <https://lo.unisa.edu.au/mod/book/view.php?id=252142>

Further Assessment Information

Late Submission Penalties

In accordance with the Division of Business guidelines, assignments submitted late without permission from the course coordinator/s will attract a penalty of 10% of the total possible marks for the assignment per day for each day late, or part thereof, after the due date.

Resubmission

Resubmission is available for the assessment tasks in this course.

Action from previous evaluations

Your views about the learning experiences you have while studying at this university are critical in helping us teach in ways that will help improve your learning. Students are encouraged to complete the **myCourseExperience** that will be available from the course home page towards the end of the study period. Your response in this questionnaire is anonymous.

Course Calendar

Study Period 2 - 2019

	Weeks	Topic	Assessment Details (Adelaide Time)
	25 February - 3 March	Pre-teaching	
1	04 - 10 March	Rational vs behavioral economics: utility and prospect theory	
2	11 - 17 March	Classical Finance, anomalies, and the behavioral alternative	
3	18 - 24 March	Classical Finance, anomalies, and the behavioral alternative	
4	25 - 31 March	Classical Finance, anomalies, and the behavioral alternative	
5	01 - 7 April	Heuristics and Biases	
6	08 - 14 April	Heuristics and Biases	
	15 - 21 April	Mid-break	Team presentation due 19 Apr 2019, 5:00 PM
	22 - 28 April	Mid-break	
7	29 April - 5 May	Overconfidence and Narcissism	
8	06 - 12 May	Overconfidence and Narcissism	Continuous assessment due 10 May 2019, 5:00 PM
9	13 - 19 May	Emotions and Individual Investor Biases	
10	20 - 26 May	Emotions and Individual Investor Biases	
	27 May - 2 June	Swot-vac	
	03 - 9 June	Exam week	Essay due 07 Jun 2019, 5:00 PM
	10 - 16 June	Exam week	