



THE UNIVERSITY  
OF QUEENSLAND  
AUSTRALIA

CREATE CHANGE

# FINM3407 – Behavioral Finance

Introduction to Behavioral Finance and Traditional Finance Theories



## Acknowledgement To Country

We gratefully acknowledge the Traditional Owners and their custodianship of the lands on which this course originated; this Country known as Australia, where Aboriginal people have lived and practiced their culture for many thousands of years.

We pay our respects to their Ancestors and their descendants, who continue cultural and spiritual connections to country.

We recognise their valuable contributions to Australian and global society.

# Agenda This Week

- **Course Information**

(Course Structure & Teaching Plan & Assessments)

- **What we study in this course**

- **Foundations of Finance 1 and 2:**

- *Expected Utility Theory*
- *Theories of Modern Finance such as market efficiency*

# Teaching Team

## **Course Coordinator: Associate Professor Kelvin Tan**

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## **Lecturer: Dr Shirina Lin**

- Email: [s.hsinen@uq.edu.au](mailto:s.hsinen@uq.edu.au)

## **Tutors:**

- Shanelle Yang: [shanelle.yang@uq.edu.au](mailto:shanelle.yang@uq.edu.au)
- Jon Aster: [j.hearn1@uq.edu.au](mailto:j.hearn1@uq.edu.au)
- Wenbin Kevin Hu: [w.hu@business.uq.edu.au](mailto:w.hu@business.uq.edu.au)
- Michelle Xuan Mi: [x.mi@business.uq.edu.au](mailto:x.mi@business.uq.edu.au)
- Md Imran Hossain: [mdimran.hossain@business.uq.edu.au](mailto:mdimran.hossain@business.uq.edu.au)

Tutors' contact and consultation times are posted on **Blackboard**.

## Communication

- Blackboard Announcements & Discussion Board
- Any questions during the lecture, please feel free to raise your hands.
- Outside of lecture hours, if you have any questions on lecture contents, please email Shirina or attend her consult session.
- If you have any questions on tutorials, please email your tutor or attend their consult sessions.
- Consultations: You can find the individual staff's consultation time on Blackboard.
- Email: Good email etiquette is highly appreciated (with course code FINM3407 in the email subject 😊)

## Textbook and Supporting Materials

- **Textbook:**

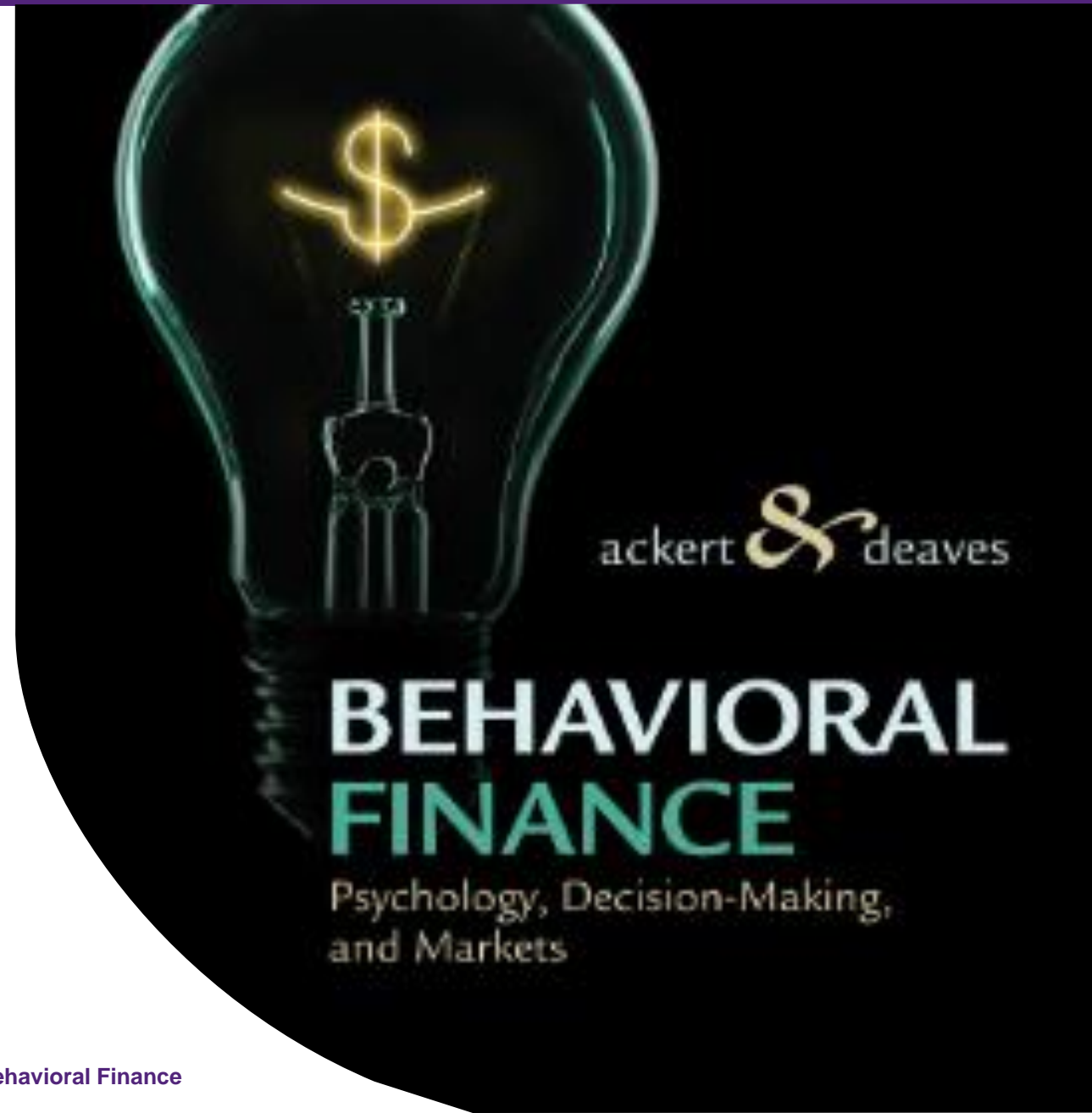
Ackert and Deaves (2010) Behavioral Finance  
Psychology, Decision-Making, and Markets | 1st  
Edition, Cengage. **Abbreviation: AchertDeaves**

- **Tutorials:**

**There are no tutorials and consultation in Teaching  
Week 1.**

*See ECP for further details.*

You are expected to read a wide range of source  
materials and thus help understand the topics well.



# Course Structure

## Lecture / Seminar

- Theory development seasoned with practical applications.
- Prepare with required and recommended readings (see course profile and Blackboard).

## Tutorial

- Discuss solutions to tutorial questions as needed.
- Additional practical applications.
- Participation will assist in preparation for exams
- Solutions will be made available after the **last tutorial of the week [Friday 5 pm]**

# Summary of Assessment

## 1. In-Semester Exam

Type: Exam - In-Semester During Class

Learning Objectives Assessed: 1, 2, 3

Due Date: **Friday 30th August 2024 10:00AM - 11:25AM**

Weight: **25%**

**Individual**

Reading: 10 minutes

Duration: 60 minutes

Format: Multiple-choice

Task Description:

- The exam will be based on the materials covered in Topics 1-3.
- This is a time-constrained online exam that will consist of 20 multiple-choice questions (a mix of theory and calculations).
- Students are required to log in to the course Blackboard site to complete the exam. Students will have only one attempt to finish.
- If you are unable to sit your exam, you must apply for a deferred exam (see section 5.4).
- This assessment task evaluates students' abilities, skills and knowledge without the aid of generative Artificial Intelligence (AI). Students are advised that the use of AI technologies to develop responses is strictly prohibited and may constitute student misconduct under the Student Code of Conduct.



# Summary of Assessment

## 2. Case study - Assignment

Type: Case Study

Learning Objectives Assessed: 1, 2, 4, 5

Due Date: **11th October 2024 2:00 PM**

Weight: **25%**

**Individual**

### Task Description:

- Carefully read the case (see URL on Blackboard under “Assessment” and please make sure you also read other materials that will strengthen your assignment).
- Please use this case as a background to carefully develop your answers to the two questions mentioned in the document titled "Assignment Instruction".
- The maximum length of your submission would be 5 pages (excluding the list of references), using 1.5-line spacing, 'Times New Roman' font with size 12, 'Normal' margins, justified paragraphs, and page numbering on the bottom right-hand side.
- This assessment task evaluates students' abilities, skills and knowledge without the aid of generative Artificial Intelligence (AI). Students are advised that the use of AI technologies to develop responses is strictly prohibited and may constitute student misconduct under the Student Code of Conduct.

### Submission:

To be submitted via Blackboard

# Summary of Assessment

## 3. Final Exam

Type: Exam - during Exam Period (Central)

Learning Objectives Assessed: 1, 2, 3, 4, 5, 6

Due Date: **Examination Period**

Weight: **50%**

**Individual**

Reading: 10 minutes

Duration: 120 minutes

Format: Short answer, Short essay, Problem solving

### Task Description:

- The final assessment will be based on all materials covered in the course (from **Topics 1-10**).
- The exam includes short answers, short essays, and problem-solving questions.
- The duration of the exam will be a total of 120 minutes plus 10 minutes of reading time.
- This assessment task is to be completed in-person. The use of generative Artificial Intelligence (AI) tools will not be permitted. Any attempted use of Generative AI may constitute student misconduct under the Student Code of Conduct.

# Learning Objectives of this Course

1. Understand the foundations of behavioral finance and traditional finance theories
2. Analyze Prospect Theory as an alternative to expected utility theory
3. Evaluate the challenges to market efficiency, identify market anomalies, and understand their behavioral explanation
4. Identify and analyze various heuristics and biases and their implications for financial decision-making
5. Examine the role of emotions in investment decision-making and their impact on individual investors' behavior
6. Examine the manifestations of overconfidence in investors and its impact on corporate finance

## Tips to succeed in FINM3407

- **Read the course outline carefully & Review the lecture notes before each lecture:**
  - Read the lecture slides and attempt all lecture examples
  - Read the relevant chapters of the textbook
- **Attempt tutorial questions *before* the tutorial:**
- **Attend lectures, tutorials and consultations regularly:**
  - Lectures will be recorded and available by the end of each week
  - You need to sign on and attend your tutorial class
  - All tutorial classes will start from next week (Week 2)
  - See your lecturer and tutor promptly if you're having difficulties
- **Actively take part in lectures/tutorials by asking or answering questions**
  - It is much easier to remember/understand lecture/tutorial contents by asking and answering questions
  - Bring your UQ-approved calculator so that you can work on questions/examples during lectures and tutorials
- **Start early**
  - Do your work weekly, do not wait until the day before the exam (Hard Working!)
  - Email us or see us during our consultation time if you have any questions