




5 credits

30.0 h

Q2

Teacher(s)	De Winne Rudy ;
Language :	French
Place of the course	Mons
Aims	<i>The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".</i>
Evaluation methods	<ul style="list-style-type: none"> <li>• Written exam (June) / Oral exam (August)</li> <li>• A part of the final grade will be based on individual / group assignments</li> </ul>
Teaching methods	<ul style="list-style-type: none"> <li>• Usual and flipped classrooms (based on videos to be seen before coming in the classroom)</li> <li>• Simple computerized experiments will be organized in order to illustrate several concepts</li> </ul>
Content	<p><b>Chapter 1: Course content and goals</b></p> <ul style="list-style-type: none"> <li>• What is behavioral finance? BF versus Traditional Finance (TF)?</li> <li>• How do we make decisions? Are they rational? Rational preferences?</li> </ul> <p><b>Chapter 2: Foundations of finance and limitations</b></p> <ul style="list-style-type: none"> <li>• Uncertainty, Risk, Expected Utility Theory and Risk attitude</li> <li>• Diversification, CAPM and Market Efficiency</li> <li>• Allais' Paradox and Prospect Theory</li> </ul> <p><b>Chapter 3: Judgement and decisions biases</b></p> <ul style="list-style-type: none"> <li>• How do we make decisions? à Biases and heuristics + classification</li> <li>• Important biases in finance: very likely to affect financial decisions</li> </ul> <p><b>Chapter 4 : Research methods</b></p> <ul style="list-style-type: none"> <li>• Experiments: What? Why? How?</li> <li>• Classification and design + Analysis of experimental data</li> </ul>
Bibliography	<ul style="list-style-type: none"> <li>• Daniel Kahneman, <u>Thinking, Fast and Slow</u>, Penguin Books, 2011.</li> <li>• Daniel Kahneman, Paul Slovic &amp; Amos Tversky, <u>Judgement under Uncertainty: Heuristics and Biases</u>, Cambridge University Press, 1982</li> <li>• Richard Thaler &amp; Cass Sunstein, <u>Nudge : Improving Decisions About Health, Wealth, and Happiness</u>, Penguin Books, 2009</li> <li>• Louis Eeckhoudt &amp; Christian Gollier, <u>Les risques financiers</u>, Ediscience international, 1992</li> <li>• Hersh Shefrin, <u>Beyond Greed and Fear</u>, Oxford University Press, 2002</li> </ul>
Other infos	If possible, students are requested to bring a device allowing an internet connection (tablet, smartphone or laptop). You will need this device to access the 'app' specifically developed to boost interaction in this course and to replicate several scientific experiments.
Faculty or entity in charge	CLSM

<b>Programmes containing this learning unit (UE)</b>				
Program title	Acronym	Credits	Prerequisite	Aims
Master [120] in Business Engineering	INGM2M	5		
Master [120] in Management	GEST2M	5		
Master [120] in Management	GESM2M	5		
Master [120] in Business Engineering	INGE2M	5		