

Annex No. 3		First Cycle Studies Course Programme			
1.	Course Title	Behavioural Finances			
2.	Code	FIN 330			
3.	Study programme	Finance			
4.	Organizer of the study programme (university unit i.e. institute, chair, department)	Ss. Cyril and Methodius University in Skopje Faculty of Economics - Skopje Department of Finance			
5.	Level (first, second, third cycle)	First cycle			
6.	Academic year / semester	3 th year/ 5 th semester	7.	Number of ECTS credits	7.5
8.	Professor	Prof. Kiril Jovanovski, PhD			
9.	Preconditions for enrolment	None			
10.	<p>Course Objectives (Competencies): During several decades financial theories have been guided by efficient markets theory. The key assumption of the major financial models is the rational behavior of investors and other agents. But in reality, this assumption is regularly being broken. Markets are often inefficient. Information disclosure is expensive. Sunny weather or upcoming vacations may change the investors' behavior and bias their decisions. Each investment decision depends on our previous investment decisions: we are anchored. We do not live in vacuum. Behavioral biases attracted the attention of the academia and investors' world for the past 30 years. The key question was whether these biases from the rational behavior might have significant impact over market estimations and investment decisions. Empirical tests demonstrate that behavioral biases may significantly change even classical asset pricing models.</p> <p>The key goal of this course is to provide the student with sufficient knowledge to understand difference between the classical financial theory and behavioural finance. The course is focused on the specific features of decision-making process in a market that is not strongly efficient. Students will gain an understanding of how individuals actually make financial decisions (descriptive) and guidance on how to improve financial decision making (prescriptive) in themselves and others.</p> <p>After the course student will know:</p> <ul style="list-style-type: none"> • bounded rationality concept; • main assumptions and ideas of prospect theory; • theoretical and empirical foundations and challenges to the efficient market hypothesis; • key behavioral biases of individual and professional investors; • key anomalies in the markets proving the behavioral biases; • key behavioral biases of top managers. 				
11.	<p>Course content:</p> <ol style="list-style-type: none"> 1. Overconfidence 2. Representativeness 3. Anchoring and Adjustment 4. Availability 5. Attribution 6. Illusion of Control 7. Self-Control 8. Mental Accounting 9. Understanding individual investor behavior 10. Behavioral bias and portfolio construction 11. Financial markets anomalies 				
12.	Learning methods: Lectures, slides, guest speakers, student projects and presentations, interactive debates, case studies, quizzes and homework assignments.				
13.	Total hours	7.5 ECTS x 30 hours = 225 hours			
14.	Allocation of hours per activity	90+30+15+90= 225 hours			
15.		15.1.	Lectures	90 hours	

	Types of teaching activates	15.2.	Exercises (Seminars)	0 hours	
16.	Other types of activities	16.1.	Projects	30 hours	
		16.2.	Individual assignments	15 hours	
		16.3.	Homework study	90 hours	
17.	Grading method: 80+10+10=100 points				
	17.1.	Tests (Domain, Essay, Multiple choice exam, Case)	80%		
	17.2.	Individual or group projects / assessment	10 %		
	17.3.	Attendance and class participation	10%		
18.	Grading scale	less than 50 points	5 (five) (F)		
		from 51 to 60 points	6 (six) (E)		
		from 61 to 70 points	7 (seven) (D)		
		from 71 to 80 points	8 (eight) (C)		
		from 81 to 90 points	9 (nine) (B)		
		from 91 to 100 points	10 (ten) (A)		
19.	Preconditions for taking the final exam	Completed activities from points 15 and 16			
20.	Language	Macedonian			
21.	Evaluation method	Internal evaluation and survey			
22.	Literature				
	22.1.	Compulsory literature			
		No.	Author	Title	Publisher
		1.	Lucy Ackert , Richard Deaves	Behavioral Finance: Psychology, Decision-Making, and Markets	Cengage Learning; 1st edition
	22.2.	Additional literature			
		No.	Author	Title	Publisher
		1.	Edwin Burton	Behavioral Finance	Wiley; 1st edition
		2.	Meir Statman	Behavioral Finance: The Second Generation	CFA Institute Research Foundation
	3	Andrei Shleifer	Inefficient Markets: An Introduction to Behavioral Finance	Oxford University Press; 1st edition	