



COURSE UNIT (MODULE) DESCRIPTION

Course unit (module) title	Code
Behavioural Finance for Sustainable Development	2024-05-06

Annotation

Lecturer(s)	Department, Faculty
Coordinator: Assoc. Prof. Dr. Tom Hashimoto Other(s):	Finance Department, Faculty of Economics and Business Administration, Vilnius University

Study cycle	Type of the course unit
Second	Compulsory

Mode of delivery	Semester or period when it is delivered	Language of instruction
Classroom (lectures and seminars)	Autumn semester	English

Requisites
Prerequisites: Co-requisites (if relevant):

Number of ECTS credits allocated	Student's workload (total)	Contact hours	Individual work
5	130	32	98

Purpose of the course unit: programme competencies to be developed
<p>This course is generally in line with the learning framework of CFA (chartered financial analyst) Portfolio Management (Levels 1 and 3) topic. While the materials covered in this course follow the 'readings' of CFA, additional insights from economic analysis of law, institutional economics, and personal finance provide the theoretical and practical relevance of behavioural finance with respect to financial economics in general.</p> <p>Paying attention to the CFA Code of Ethics and the relevant EU rules and regulations (e.g. MiFID II, SFDR), we ask how financial professionals can detect and overcome various biases not only for themselves but also for their clients. Therefore, this course is also relevant for future regulators and policymakers.</p> <p>Furthermore, this course is modified to address issues related to sustainable development in the sense that we also trace the evidence of behavioural errors and biases in presenting 'green' finance.</p>

Learning outcomes of the study programme	Learning outcomes of the course unit	Teaching and learning methods	Assessment methods
	To illustrate how various biases influence our financial decision-making in a holistic manner	Lectures, Seminars	Presentation, Exam
	To analyse how our behavioural patterns shape financial markets (and crises) in the past decade	Lectures, Seminars	Presentation, Exam
	To assess the role of professional financial advisors in overcoming various biases, especially paying attention to international ethical rules	Lectures, Seminars	Presentation, Exam

	and standards (such as the CFA Code of Ethics and EU regulations)		
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Content: breakdown of the topics	Contact hours								Self-study work: time and assignments	
	Lectures	Tutorials	Seminars	Exercises	Laboratory work	Internship/work placement	E-learning	Contact hours	Self-study hours	Assignments
1. Introductory discussion: Modern Portfolio Theory and Behavioural Biases	2		2					4		
2. Cognitive Errors and the role of institutions	3		1					4	10	Analysis of relevant literature.
3. Emotional Biases and the role of (Social) Media	3		1					4	10	Analysis of relevant literature.
4. Investor Personality Types and their criticisms	3		1					4	10	Analysis of relevant literature.
5. Adviser-client relations and Portfolio Management from the behavioural perspectives	3		1					4	10	Analysis of relevant literature, presentations.
6. The rise of 'green investment': case study	1		3					4	10	Analysis of relevant literature, presentations.
7. Sustainable behaviours? The issue of 'green washing'	1		3					4	10	Analysis of relevant literature, presentations.
8. Presentations and discussions			4					4	18	Presentations.
9. Final Exam									20	Final exam.
Total	16		16					32	98	

Assessment strategy	Weight, %	Due dates	Assessment criteria
Presentation	40 %	Meeting #8	Each student (or group if the number of attendants is large) shall present TWO investment decisions which are behaviourally biased (one investment decision has a cognitive error and another has an emotional bias) using real market data and information, contrasted by the expected 'rational' decision. These investment decisions must be contextualised in 'sustainable development'.
Final Exam	60 %	Meeting #9	The final exam is an open-book essay-style written exam (computer-based). Students are asked to assess various investment scenarios from behavioural perspectives.

Author	Year of publication	Title	Issue of a periodical or volume of a publication	Publishing place and house or web link
Compulsory reading				
CFA	2023	CFA Portfolio Management reading	-	www.cfainstitute.org (CFA available to members; relevant material is provided during the lectures)
Optional reading				
Cartwright, E.	2014	<i>Behavioural Economics</i> , second edition	-	Routledge
Kahneman, D.	2011	<i>Thinking, Fast and Slow</i>	-	Penguin