COURSE UNIT (MODULE) DESCRIPTION

Course unit (module) title	Code
Investor Behaviour	

Academic staff	Core academic unit(s)
Coordinating: assoc. prof. Lina Garšvienė	Vilnius University Šiauliai Academy

Study cycle	Type of the course unit
First	Elective (individual studies course)

Mode of delivery	Semester or period when it is delivered	Language of instruction
Blended learning	Spring semester	Lithuanian / English

Requisites	
Prerequisites: None	**Co-requisites (if relevant): -**

Number of ECTS credits allocated	Student's workload (total)	Contact hours	Individual work
5	134	54	80

Purpose of the course unit		
To develop the ability to explain how cognitive and emotional biases affect individual and professional investors' decisions, critically assess behavioural evidence, and justify investment decision rules that reduce the effects of bias.		
Learning outcomes of the course unit	**Teaching and learning methods**	**Assessment methods**
Will be able to explain how risk perception, loss aversion and decision heuristics affect an investor's choice.	Case analysis (case studies), Group work, Discussion, Interactive lecture, Literature analysis, Problem-based teaching, Traditional lecture	Individual project (presentation), exam
Will be able to identify cognitive and emotional biases in an investment situation and compare the incentives and limitations affecting individual and professional investors' decisions.	Group work, Discussion, Interactive lecture, Literature analysis, Literature review presentation, Problem-based teaching	Group homework, exam
Will be able to compare the assumptions of the Efficient Market Hypothesis with examples of market sentiment and anomalies, critically assessing the available evidence.	Discussion, Literature analysis, Literature review presentation, Practical tasks, Problem-based teaching, Traditional lecture	Individual project (presentation), exam
Will be able to analyse a given investment decision case, identify behavioural biases influencing the decision, critically interpret published empirical evidence and use it to justify an investment recommendation, assess the risks and uncertainties associated with the choice, and propose rules to reduce the impact of potential behavioural errors.	Discussion, Information search task, Interactive lecture, Problem-based teaching, Traditional lecture	Group homework, exam

Content	Contact hours							Individual work: time and assignments	
	Lectures / e-learning	Tutorials	Seminars	Workshops	Laboratory work	Internship	**Contact hours, total**	**Individual work**	**Tasks for individual work**
1. The investor's decision process and bounded rationality: information, objectives and choice environment	2			0			2	4	Individual work for two topics: read an excerpt from Bogle (2017) as an example of rules for disciplined investing; use the supplied case to identify bounded rationality, loss aversion and framing.
2. Decisions under risk: prospect theory, reference points, loss aversion and framing	3			3			6	8	
3. Decision heuristics and cognitive biases: anchoring, availability and representativeness	4			4			8	14	Select two heuristics from recommended reading and show how they affect an investment decision; complete short case exercises.
4. Behaviour of individual and professional investors: overconfidence, mental accounting and the disposition effect	4			4			8	10	Analyse the assigned behavioural finance literature, complete topic-related practical assignments, compare the decisions of individual and professional investors in groups, and assess the assumptions of market efficiency, the impact of market sentiment, and financial market anomalies. Select relevant theoretical and empirical evidence for the investment case analysis.
5. The Efficient Market Hypothesis as a benchmark for how information is reflected in prices	4	1		4			9	10	
6. Market sentiment, social influence and herding: examples of bubble formation	4			4			8	10	
7. Market anomalies and limits of behavioural explanations: data selection and alternative explanations	3			3			6	10	
8. Investment decision case analysis: bias checks, assessment of evidence and decision rules	3	1		3			7	14	Prepare and present an individual investment decision case analysis, identify behavioural biases, critically evaluate published evidence, justify an investment recommendation, and propose two rules to reduce the risk of potential decision-making errors.
Total	**27**	**2**		**25**			**54**	**80**	

Assessment strategy	Weight %	Deadline	Assessment criteria
Individual project (presentation)	50	Preparation from week 3, presentation in weeks 10–16	During the semester, students prepare an individual project analysing a given investment decision case. Drawing on theoretical knowledge acquired during the course and published empirical research, students identify cognitive and emotional biases that influence the decision, critically evaluate the available evidence, justify an investment recommendation, and propose two rules to reduce the risk of behavioural errors. Individual project presentations take place during weeks 10–16 of the semester. The assessment criteria for the project and its presentation are as follows: identification of behavioural biases and explanation of their impact on the decision (0–2 points);

			selection and critical interpretation of published empirical evidence (0–2 points); justification of the investment recommendation, taking into account potential risks and uncertainties (0–3 points); proposal of two well-founded rules to reduce the risk of behavioural errors (0–2 points); clear presentation of findings and responses to questions (0–1 point).
Group homework	20	Every third week during workshops	During workshops, a group of 3–5 students analyse a given investor choice and prepare a reasoned recommendation. The group product is worth up to 8 points: identification of biases (0–3), comparison of data and alternatives (0–3), measures to mitigate errors (0–2). Each student justifies their proposal in writing or orally (0–2 points). The work may be refined at home; the average mark across assignments contributes 20% of the final grade.
Exam	30	During the exam session	The exam is marked on a 10-point scale and assesses all learning outcomes. It comprises closed-ended questions on key concepts (20% of the exam mark), evaluation and justification of statements (30%), and an investor decision case (50%). In this case, the student identifies biases, distinguishes data from assumptions, assesses the limitations of decisions, and proposes at least one rule to reduce errors. Accuracy, the interpretation of evidence, and the strength of the recommendation are assessed.

Author (-s)	Publishing year	Title	Issue of a periodical or volume of a publication	Publishing house or web link
Required reading				
Bogle, John C.	2017	The Little Book of Common Sense Investing: The Only Way to Guarantee Your Fair Share of Stock Market Returns, Updated and Revised		Wiley, 2017. ISBN 9781119404507.
Cartwright, Edward.	2018	Behavioral economics		(3rd ed., p. xxix). Routledge.
Grima, Simon, Özen, Ercan, Boz, Hakan, Spiteri, Jonathan, & Thalassinos, Eleftherios.	2019	Contemporary Issues in Behavioral Finance.		Emerald Publishing Limited.
Recommended reading				
Jurevičienė, Daiva, Bikas, Egidijus, Keliuotytė-Staniulėnienė, Greta, Novickytė, Lina, & Dubinskas, Petras.	2014	Assessment of corporate behavioural finance.		Procedia Social and Behavioral Sciences, 140, 432–439. https://doi.org/10.1016/j.sbspro.2014.04.449
Pompian, Michael.	2012	Introduction to Behavioral Finance. In Behavioral Finance and Wealth Management (pp. 1–2).		John Wiley & Sons, Inc. https://doi.org/10.1002/9781119202400.part1
Andrikopoulos, Panagiotis, & Vagenas-Nanos, Evangelos.	2017	Special issue of the Review of Behavioral Finance guest editors' introduction.		Review of Behavioral Finance, 9(2), 102–104. https://doi.org/10.1108/RBF-05-2017-0043
Montier, James	2010	Behavioural investing: a practitioner's guide to applying behavioural finance.		Chichester: John Wiley & Sons, 2010. xxii, 706 p. ISBN 9780470516706;.