



**FACULTY OF BUSINESS**  
**MASTER OF SCIENCE IN FINANCE WITH DATA ANALYTICS**  
**LEARNING MODULE OUTLINE**

Academic Year	2024/2025	Semester	1
Module Code	FIDA6103-211		
Learning Module	Behavioral Finance		
Pre-requisite(s)	None		
Medium of Instruction	English		
Credits	3	Contact Hours	45
Instructor	Dr. Huang GuiHai	Email	ghhuang@mpu.edu.mo
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**MODULE DESCRIPTION**

There is an abundance of evidence suggesting that the efficient market hypothesis does not adequately describe behaviour in financial markets. This module surveys the evidence and uses psychology to guide alternative theories of financial markets. Other topics covered include the standard argument that smart, profit-seeking agents can correct any distortions caused by irrational investors, the preferences and trading decisions of individual investors, and implications to corporate decision making.

**MODULE INTENDED LEARNING OUTCOMES (ILOS)**

On completion of this learning module, students will be able to:

M1.	Critically evaluate the psychological foundations and the impact of cognitive biases and errors of judgment on financial decision-making.
M2.	Critically analyze behavioral biases for anomalies that exist in the financial markets and corporate finance.
M3.	Develop strategies to manage wealth effectively and wisely from mispriced assets.
M4.	Demonstrate good written and oral communications skills, with the ability to communicate clearly to both specialist and non-specialist audiences on important developments in behavioral finance.
M5.	Have developed skills in time management, working with others, independent study so that tasks can be planned and implemented at a professional level.

These ILOs aims to enable students to attain the following Programme Intended Learning Outcomes (PILOs):

PILOs	M1	M2	M3	M4	M5
P1. Master critical knowledge of financial theories, financial models and data analytics in finance and apply it to a wide range of complex financial issues.	✓	✓			



P2. Expand knowledge of finance and data analytics through critically evaluating current issues informed by leading edge research and practice in the industry.			✓		
P3. Conduct applied research, particularly using data analytics, into financial issues through a rigorous and systematic approach.			✓		
P4. Communicate effectively, written and orally, to both professional and non-professional audiences on local and global financial issues.				✓	
P5. Demonstrate skills in time management, teamwork, leadership and independent study so that tasks can be planned and implemented at a professional level.					✓
P6. Identify and address ethical dilemmas and social responsibility issues to uphold high standards of integrity, professionalism and ethical behaviour.					

#### MODULE SCHEDULE, COVERAGE AND STUDY LOAD

Week	Content Coverage	Contact Hours
1	Introduction	1.5
2	Behavioral foundations	4.5
3	Introduction to behavioral analysis	3
4	Valuation	3
5	Perceptions about risk and return	3
6	Behavioral portfolios	3
7	Behavioral life-cycle of saving and spending	3
8	Behavioral asset pricing	3
9	Capital budgeting	3
10	Team project consulting	3
11	Inefficient markets and corporate decisions	3
12	Capital structure and dividend policy	3
13	Mergers and acquisitions	3
14	Lessons of behavioral finance	3
15	Team project presentations	3
	Total	45



## TEACHING AND LEARNING ACTIVITIES

In this learning module, students will work towards attaining the ILOs through the following teaching and learning activities:

Teaching and Learning Activities	M1	M2	M3	M4	M5
T1. Interactive lectures	✓	✓	✓		
T2. In-class exercises, quizzes	✓	✓	✓	✓	
T3. Assignments	✓	✓	✓	✓	✓
T4. Team project			✓	✓	✓

## ATTENDANCE

Attendance requirements are governed by the Academic Regulations Governing Master's Degree Programmes of the Macao Polytechnic University. Students who do not meet the attendance requirements for the learning module shall be awarded an 'F' grade.

## ASSESSMENT

In this learning module, students are required to complete the following assessment activities:

Assessment Activities	Weighting (%)	ILOs to be Assessed
A1. Class participation and class exercises	30%	M1,2,3,4
A2. Assignments	30%	M1,2,3,4,5
A3. Team project	40%	M3,4,5

The assessment will be conducted following the University's Assessment Strategy (see [www.mpu.edu.mo/teaching\\_learning/en/assessment\\_strategy.php](http://www.mpu.edu.mo/teaching_learning/en/assessment_strategy.php)). Passing this learning module indicates that students will have attained the ILOs of this learning module and thus acquired its credits.

## MARKING SCHEME

	Assessment Tasks	Criteria	Excellent (A, A-)	Very Good, Good (B+, B, B-)	Satisfactory (C+, C, C-)	Pass (D+, D)	Fail (F)
			88-100	73 - 87	58 - 72	50 - 57	0 – 49
1.	Class Learning Activities	Demonstrate the <b>understanding</b> of the subjects covered in classes and show active learning attitude	High	Significant	Moderate	Basic	Not even reaching marginal levels
2.	Assignments	Demonstrate the <b>ability</b> to answer	High	Significant	Moderate	Basic	Not even reaching



		questions on topics covered in the outline					marginal levels
3.	Team Project	Demonstrate the <b>understanding</b> of the subject and the <b>ability</b> to solve problems with <u>articulated</u> arguments in <u>well-organized</u> oral presentation and written report	High	Significant	Moderate	Basic	Not even reaching marginal levels

### REQUIRED READINGS

1. Hersh Shefrin, 2018, Behavioral Corporate Finance, 2nd Edition, McGraw Hill.
2. Meir Statman, 2019, Finance for Normal People: How Investors and Markets Behave, Oxford University Press

### REFERENCES

#### Reference books

1. Meir Statman, 2019, Behavioral Finance: The Second Generation, CFA Institute Research Foundation.
2. Lucy Ackert, Richard Deaves, 2010, Behavioral Finance: Psychology, Decision-Making, and Markets, 1st Edition, Cengage.
3. James Montier, 2002, Behavioural Finance: Insights into Irrational Minds and Markets, Wiley.

#### Reference Papers

1. Barberis, N., & Thaler, R. (2003). A survey of behavioral finance. *Handbook of the Economics of Finance*, 1, 1053-1128.
2. Shiller, R. J. (1981). Do Stock Prices Move Too Much to be Justified by Subsequent Changes in Dividends? *The American Economic Review*, 71(3), 421-436.
3. Fama, E. (1998) Market efficiency, long-term returns, and behavioral finance. *Journal of Financial Economics* 49(3): 283-306.
4. Abreu, D. and Brunnermeier, M.K. (2003) Bubbles and crashes. *Econometrica* 71(1): 173-204.
5. Shiller, R. J. (2003). From efficient markets theory to behavioral finance. *Journal of economic perspectives*, 17(1), 83-104.
6. Campbell, J.Y. (2000) Asset pricing at the millennium. *Journal of Finance* 55(4):1515-1567.
7. Daniel, K., Hirshleifer, D. and Teoh, S.H. (2002) Investor psychology in capital markets: evidence and policy implications. *Journal of Monetary Economics* 49(1): 139-209.
8. Malmendier, U. and Shanthikumar, D. (2007) Are small investors naive about incentives? *Journal of Financial Economics* 85(2): 457-489.
9. Psychology-based Models of Asset Prices and Trading Volume, by N. Barberis, in Bernheim, D., DellaVigna, S., Laibson, D. (Eds.), *Handbook of Behavioral Economics*, North Holland, Amsterdam, October 2018. ([link](#))



10. Behavioral Corporate Finance: The Life Cycle of a CEO Career, by M. Guenzel and U. Malmendier, in *Oxford Research Encyclopedia of Economics and Finance*, September 2020. ([link](#))
11. Behavioral Corporate Finance, by U. Malmendier, in Bernheim, D., DellaVigna, S., Laibson, D. (Eds.), *Handbook of Behavioral Economics*, North Holland, Amsterdam, October 2018. ([link](#))

#### Journal(s)

1. Journal of Finance
2. Review of Financial Studies
3. Journal of Financial Economics
4. Journal of Behavioral and Experimental Finance

#### STUDENT FEEDBACK

At the end of every semester, students are invited to provide feedback on the learning module and the teaching arrangement through questionnaires. Your feedback is valuable for instructors to enhance the module and its delivery for future students. The instructor and programme coordinators will consider all feedback and respond with actions formally in the annual programme review.

#### ACADEMIC INTEGRITY

The Macao Polytechnic University requires students to have full commitment to academic integrity when engaging in research and academic activities. Violations of academic integrity, which include but are not limited to plagiarism, collusion, fabrication or falsification, repeated use of assignments and cheating in examinations, are considered as serious academic offenses and may lead to disciplinary actions. Students should read the relevant regulations and guidelines in the Student Handbook which is distributed upon the admission into the University, a copy of which can also be found at [www.mpu.edu.mo/student\\_handbook/](http://www.mpu.edu.mo/student_handbook/).