



**ST. JOSEPH'S COLLEGE (AUTONOMOUS) BENGALURU  
DEPARTMENT OF COMMERCE AND MANAGEMENT**

**CERTIFICATE COURSE**

# **BEHAVIORAL INVESTING**

**Course Director  
Mr. Charles Ambrose**

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**ONE CREDIT**

**+91 855 351 8704**  
Contact details

**30 HOURS**

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**REWIRE YOUR BRAIN TO MASTER MONEY**

**Course Duration- 30 Hours (1 Credit)**

**Contact Person:**

**Mr. Charles Ambrose**

**HOD, Department of Commerce & Management**

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**Course Fee- Rs. 3,000/-**

#### **CERTIFICATE COURSE**

**30 Hours**

**Title: BEHAVIORAL INVESTING**

**1 Credit**

#### **Course Objective:**

- To understand and apply the main concepts of behavioral finance that help to reveal biases, heuristics, etc. in the decision making process of Individual Investors.
- To help students identify persistent or systematic behavioral factors that influence investment behavior of Investors.
- To gain an understanding of the Financial Market Anomalies proving the behavioral biases.

#### **Learning Outcome:**

- To be able to understand, analyze and communicate the concepts and theories of behavioral finance
- To be able to identify the main behavioral biases and heuristics in the Investment decision making process.
- To understand how these biases affect the decisions of finance practitioners.

#### **Course Contents**

**Unit 1**

**Introduction to Behavioral Finance**

**6 Hours**

Behavioral Finance-Meaning, Definition, Standard Finance vs Behavioral Finance, History of Behavioral Finance, Investor behavior and asset Allocation, Trading and Investment Strategies in Behavioral Finance

**Unit 2**

**Prospect Theory & Mental Accounting**

**8 hours**

Prospect Theory - Meaning, Concept, Types of Prospect theory, Characteristics of Loss Aversion theory, Prospect theory & Loss Aversion: How Users make decisions.

Mental Accounting- Meaning, Definition, Concept of Mental Accounting, Advantages & Disadvantages of Mental Accounting, Examples of Mental Accounting.

<b>Unit 3</b>	<b>Heuristics and Biases in Behavioral Finance</b>	<b>8 hours</b>
Loss Aversion Bias, Endowment Bias, Affinity Bias, Anchoring and Adjustment Bias, Outcome Bias, Snake Bite Effect, Illusion of Control, Availability Bias, Self-Attribution Bias, Recency Bias, Cognitive Dissonance Bias, Self-Control Bias, Confirmation Bias, Hindsight Bias, Narrative Bias, Representativeness Bias, Overconfidence Bias, Paradox of Choice, Herd Behavior.		
<b>Unit 4</b>	<b>Individual Investors Behavior in Financial Market</b>	<b>8 hours</b>
Financial Literacy & Behavior, Market Friction Effects on Household Investment Behavior, The Effects of Behavioral Biases on Household Investment Behavior, Risk Taking Behavior, Gender Differences in Decision making, Demographic and Socioeconomic Factors of Investors, Money and Happiness: Implications for Investor Behavior, Financial Therapy.		
<b>Suggested Readings:</b>		
<ul style="list-style-type: none"> <li>➤ Nofsinger, J. (2014), The Psychology of Investing, 5th edition (international edition), Pearson</li> <li>➤ Kahneman, Daniel &amp; Tversky, Amos. (2012). Choices, Values and Frames. Cambridge University Press</li> <li>➤ Shleifer, Andrei. (2014) Inefficient Markets-An Introduction to Behavioral Finance. Oxford University Press</li> <li>➤ Ackert, L. and Deaves, R. (2010), Behavioral Finance: Psychology, Decision-Making, and Markets, 1st edition, South-Western</li> <li>➤ Baker, K. and Nofsinger, J. (2010), Behavioral Finance: Investors, Corporations, and Markets, John Wiley</li> <li>➤ Montier, J. (2010), Behavioral Finance, John Wiley</li> </ul>		

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