

# FINC 3002 BEHAVIOURAL FINANCE

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**Credit Points** 10

**Legacy Code** 200518

**Coordinator** Heath Spong ([https://directory.westernsydney.edu.au/search/name/Heath Spong/](https://directory.westernsydney.edu.au/search/name/Heath%20Spong/))

**Description** Traditional theories of finance are based the assumption that investors are both rational and utility maximizing. The Efficient Markets Hypothesis in particular has assumptions about investor behaviour which underpin its key predictions. The tenants of behavioural finance disputes the validity of these assumptions. This unit challenges traditional theory by examining how decision making and investor behaviour may be driven by personal and market psychology.

**School** Business

**Discipline** Banking, Finance And Related Fields

**Student Contribution Band** HECS Band 4 10cp

Check your HECS Band contribution amount via the Fees ([https://www.westernsydney.edu.au/currentstudents/current\\_students/fees/](https://www.westernsydney.edu.au/currentstudents/current_students/fees/)) page.

**Level** Undergraduate Level 3 subject

**Assumed Knowledge**

Students should have at least an introductory finance background before entering into this subject.

## Learning Outcomes

On successful completion of this subject, students should be able to:

1. To understand traditional theories of financial asset pricing and investment decision making;
2. To understand the implications of different assumptions about investor rationality and market psychology for taxation systems for asset pricing and investment decision making;
3. To appreciate alternative theories of investor and market behaviour.

## Subject Content

- theoretical and empirical critiques of The Efficient markets Hypothesis/capital Assets pricing model
- The Psychology of investors
- Risk versus uncertainty
- The behaviour of finance markets ? non-normal distributions
- implications of investor irrationality for economics and The analysis of money

Teaching Periods