



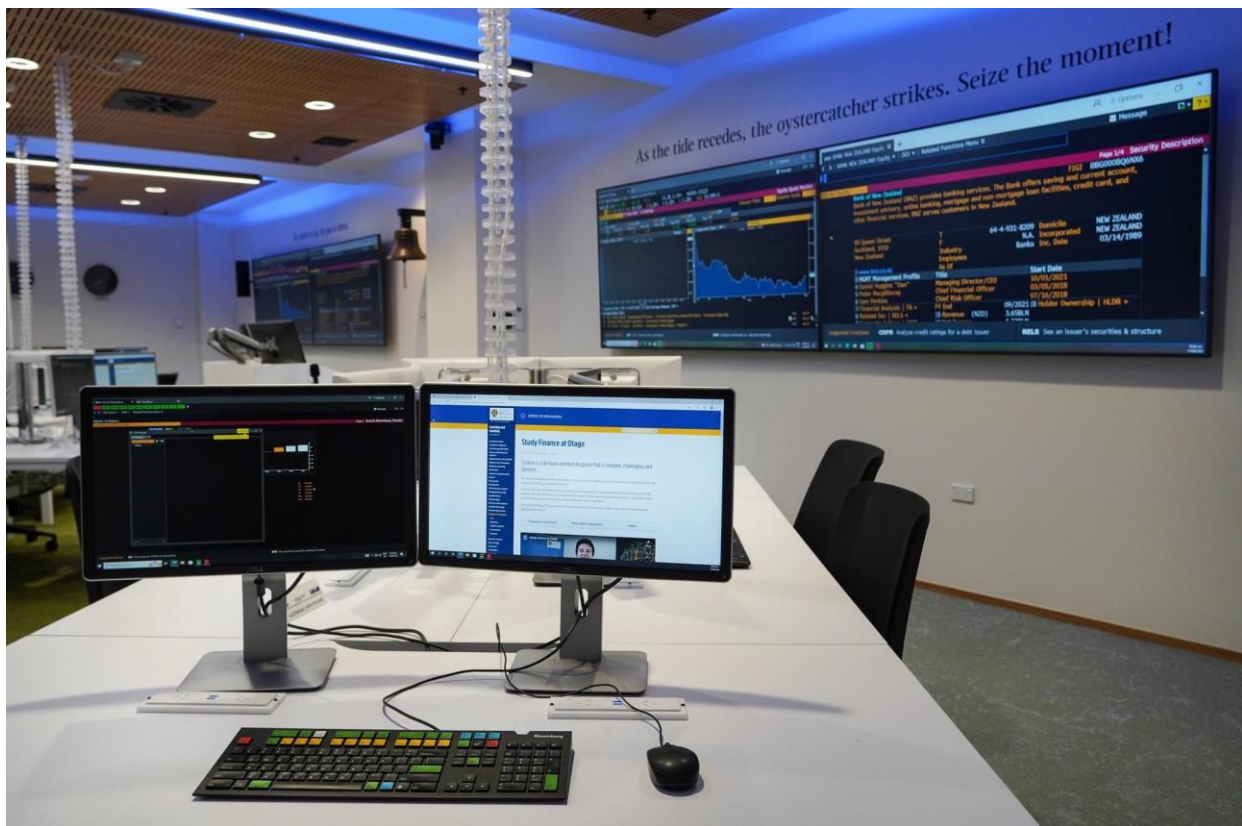
University
of Otago
ŌTĀKOU WHAKAIHU WAKA

FINC544– Behavioural Finance

Course Outline | Whakamārama Akoraka

Semester One 2026

Department of Accountancy & Finance
Te tari Matauraka Kaute Putea
Level 5
Otago Business School – Te Kura Pakihi



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Nau Mai Haere Mai

Welcome | Afio Mai | Aere Mai | Mālō e me'a mai |
Fakatalofa atu | Bula | Fakalofa lahi atu | Ulu tonu mai

Course Description and Aims | *Whāinga o te Akoranga*

Welcome to **FINC544- Behavioural Finance**. This course examines how psychological factors influence financial decision-making and financial markets.

Traditional finance assumes that investors are fully rational. However, in practice, investment decisions are often influenced by emotions, cognitive biases, and social pressures. These behavioural factors can affect asset prices, trading behaviour, and investment outcomes.

This course explains why investors sometimes act irrationally and how these behaviours contribute to stock market anomalies. You will study key biases such as overconfidence, loss aversion, and emotional decision-making, and examine their effects on financial markets.

A key focus of this course is applying theory to practice. You will work with real financial data using professional tools such as Bloomberg, Refinitiv Eikon, and SAS to analyse investor behaviour, identify behavioural investment opportunities, and evaluate investment performance.

This course develops analytical, practical, and decision-making skills that are highly valued in finance and relevant for careers in investment management, banking, financial analysis, and professional qualifications such as the CFA programme.

Learning Outcomes | *Hua Akoranga*

By the end of this course, you will be able to:

- Explain the key differences between traditional finance and behavioural finance
- Identify and critically evaluate behavioural biases affecting investment decisions
- Examine how investor sentiment influences financial markets
- Analyse the relationship between investor behaviour and stock market anomalies
- Apply behavioural finance concepts to real-world investment decisions
- Use Bloomberg and spreadsheet tools to analyse financial data and evaluate investment performance
- Improve your data handling and analytical skills

Teaching Team | *Kaiako*

Course Coordinator and Lecturer

Name: Dr Muhammad A. Cheema

Office: 5.18, Otago Business School

Email: muhammad.cheema@otago.ac.nz

Office Hours: Tuesday and Wednesday, 1-2 pm

Bloomberg Hours: Thursday (4-5 PM)

Expectations and Workload | *Te Nui o te Mahi*

FINC544 is a 20-point paper. This implies about 240 hours of work per student for the semester. A possible allocation you can consider is:

- Lectures: 39 hours
- Group assignments: 70 hours
- Reading: 95 hours
- Bloomberg labs: 6 hours
- Final exam revision: 30 hours

I expect you to come to each session of lectures prepared. You should have pens, paper, and a networked device (e.g., phones, tablets, or laptops).

Course Information | *Mōhiohio akoranga*

Lectures:

- **Tuesday:** 16:00-16:50 (SDAVD)
- **Wednesday:** 16:00-16:50 (CASTC)
- **Friday:** 16:00-16:50 (R1S3)

Workshops:

- Times and locations to be advised (TBA).

Learning Resources | *Rauemi Ako*

Textbook

Ackert, L & Deaves, R 2010, *Behavioral Finance: Psychology, Decision-Making, and Markets*, 1st edition, Cengage Learning.

Journal Articles

In addition to the required textbook, we will discuss the content of almost 10-15 journal articles in class. These are mandatory for this course and will be available on Blackboard (PDF format).

Additional Textbooks

Meir, Statman 2019, *Finance for Normal People*, 1st edition, Oxford University Press Book.

Y Nofsinger, John R 2012, *The psychology of investing*, 5th edition, Pearson Education, New Jersey.

Blackboard

<https://blackboard.otago.ac.nz/> provides you with access to course materials, class notices, and resources. Blackboard is used to email the whole class, so it is important that you check your student email and Blackboard regularly.

Further information about student support, learning support and information, academic integrity and other University resources for students is available on the COMMERCE_PG_2026: Commerce Postgraduate Students site on Blackboard.

Course Calendar | *Maramataka*

Your academic roadmap

YW	Lecture Themes	Week starting	Tentative Assessment due dates
9	Topic 1: Expected Utility Theory	23 February	
10	Topic 2: Asset Pricing, Market Efficiency and Agency Relationships	2 March	
11	Topic 3: Prospect Theory, Framing and Mental Accounting	9 March	
12	Journal Articles	16 March	
13	Topic 4: Challenges to Market Efficiency	23 March	
14	Journal Articles	30 March	
16	Topic 5: Heuristics and Biases	13 April	Assignment 1 Due: TH 2 Apr, 17:00
Semester Break 6 to 12 April 2025			
16	Topic 6: Overconfidence Journal Articles	20 April	
18	Topic 7: Overconfidence for Financial Decision-making Journal Articles	27 April	
19	Journal Articles	4 May	
20	The Impact of Heuristics and Biases on Financial Decision-making	11 May	Assignment 2 Due: FR 15 May, 17:00
21	Behavioural Explanations for Anomalies Journal Articles	18 May	
22	Do Behavioural Factors Explain Stock Market Puzzles?	25 May	

Assessments | *Aromatawai*

All material presented is examinable (except where stated otherwise) by assignments and the final examination. All important assessment information, such as due dates and times, content, guidelines, and so on, will be discussed at lectures and, where appropriate, detailed on Blackboard. *Students are responsible for staying informed, tracking their own progress, and making up any missed classes.*

- **Group Assignments (2):** 30%
- **Final Exam:** 70%

Group Assignments

- Dates for group assignments will be announced in class and on Blackboard. Unless you have made prior arrangements with me, work turned in k days late will have its grade multiplied by $(\frac{1}{2})^k$ as a penalty, without exception. Handing in work late because of person-specific risks (e.g., you did not back up, your computer crashed, etc.) is no excuse because you can hedge those risks.
- Group assignments may be done in teams of from 2 to 3 students. The teams for the group assignments are your choice.
- Group assignments must be neatly prepared (typed or neatly handwritten) and presented on A4 paper. Every group must have a team leader as my point of contact (circle the name and supply an email address on the group assignments cover sheet on Blackboard). They should be stapled in the corner (not pinned, clipped, or bound). Colour laser printing is viewed with considerable prejudice.
- You must hand in a fully self-contained hard copy assignment.

Peer Evaluation Override

If a group member believes the allocation of marks is unfair, a confidential peer evaluation may be requested.

- Half of the group assignments grade may be reassigned using a formal peer assessment process
- Scores will be adjusted relative to group contribution
- Final adjustments will not exceed 100% or fall below 50% of the original group mark

Group Work Procedure

It is important to note that there is a process to manage non-participating group members. In brief:

- It is your responsibility to be familiar with the group assignment activities and expectations, including due dates
- If, after investigation, it is clear you are not participating in the group assignment, the course coordinator will remove you from the group
- If you are removed from a group, it is your responsibility to find a new group

Grading System

The grading scheme used at Otago is:

A+	90-100	C+	60-64
A	85-89	C	55-59
A-	80-84	C-	50-54
B+	75-79	D	40-49
B	70-74	E	<40
B-	65-69		

Academic Integrity | *Pono-ā-wānanga*

Academic integrity means being honest and responsible in your learning and assessments. It reflects the University's values of honesty, trust, fairness, respect, responsibility, and courage. All students must comply with the **University of Otago Academic Integrity Policy and the Student Academic Misconduct Procedures**.

What constitutes misconduct?

Academic misconduct includes (but is not limited to):

- Plagiarism (including paraphrasing without acknowledgement)
- Copying or unauthorised collaboration
- Submitting work written by someone else (including purchased work, file-sharing sites, or AI-generated content)
- Impersonation
- Using unauthorised materials in tests or exams
- Assisting another student in committing misconduct
- Submitting the same work for more than one paper without permission

Breaches may result in penalties ranging from a warning or loss of marks to exclusion from the University.

It is your responsibility to be aware of and use acceptable academic practices when completing your assessments. To access the information in the Academic Integrity Policy and learn more, please visit the University's Academic Integrity website at www.otago.ac.nz/study/academicintegrity, or ask at the Student Learning Centre (HEDC) or the Library or seek advice from your paper coordinator, Dr Cheema.

All students in groups suspected of alleged breaches of the University Ethical Policy Guidelines will be given blank grades for that work until investigated by the Department Head, Pro Vice Chancellor, or delegate.

If in doubt about any behaviour, just ask Dr Cheema. Here are examples taken from the past:

For further information on academic integrity at Otago:

Academic Integrity Policy

<http://www.otago.ac.nz/administration/policies/otago116838.html>

Student Academic Misconduct Procedures

<http://www.otago.ac.nz/administration/policies/otago116850.html>

A note about Artificial Intelligence: In FINC302, the use of artificial intelligence is prohibited. Due to the type of learning required, the specific skills and tasks in this paper will require you (or your teams) to autonomously undertake the work. Any use of an artificial intelligence tool would inhibit your ability to achieve workplace-level competency and would breach academic integrity standards for this paper.

For further information on artificial intelligence at Otago: Use of Generative-Artificial Intelligences and Autonomous Content Generation in Learning and Teaching Policy

<https://www.otago.ac.nz/administration/policies/policy-collection/use-of-generative-artificial-intelligences-and-autonomous-content-generation-in-learning-and-teaching-policy>

Class Representatives | *Māngai mō te Akoranga*

The class representative system encourages communication between students and staff. It allows students to share their views on the teaching and delivery of the course and provides staff with constructive feedback. It also helps build a sense of community and strengthens the support available to students.

Volunteers for class representatives will be invited early in the semester. The OUSA provides training on the role and responsibilities of class representatives, including how to raise and address issues. OUSA also offers ongoing support and information about student services. Department staff will meet with class representatives during the semester to discuss any concerns or suggestions.

The name and contact details of your class representative will be posted on Blackboard early in the semester.

Need help? | *Kei te hia āwhina?*

For extenuating circumstances or ongoing situations

If you are facing health or other challenging circumstances, it is important to reach out. The University of Otago prides itself on the support we can provide to our students, but we can only help if you let us know.

For further information:

OUSA student support

<https://www.ousa.org.nz/support>

University of Otago student support

https://www.otago.ac.nz/_data/assets/pdf_file/0021/317325/download-the-student-support-reference-for-staff-poster-838564.pdf