Discipline: Finance

1. Language

English

2. Title

Current Topics in Behavioral Finance Research

3. Lecturer

Prof. Dr. Alexander Hillert, Goethe University Frankfurt

Prof. Dr. Christoph Merkle, Kühne Logistics University

4. Date and Location

June 25 – 28, 2019

KLU Hamburg, Grosser Grasbrook 17, 20457 Hamburg

5. Course Description

5.1 Abstract and Learning Objectives

The purpose of this course is to provide advanced insights into several areas of behavioral finance including individual investor behavior, household finance, limits to arbitrage, and (empirical) asset pricing. We will discuss cutting edge papers in these areas with a focus on methodological issues, such as conducting experiments, running surveys, and analyzing big data sets. The course will also include a practical part in which students replicate selected empirical findings related to cross-sectional return patterns.

The course intends to enable students to plan and carry out empirical and experimental research in behavioral finance on their own and prepares for an empirical PhD thesis in this area of finance.

5.2 Content

Behavioral Finance Topics

- Individual investor behavior

- Household finance

- Limits to arbitrage

- Empirical asset pricing

- Investor attention and information processing

Methodological Topics

- How to conduct an experiment?

- Survey studies and field experiments

- How to implement standard procedures of empirical behavioral/asset pricing research?

- Outlook on textual analysis techniques to analyze verbal information

5.3 Schedule (including start and end time)

Part 1: June 25 – 26, Christoph Merkle

Part 2: June 27 – 28, Alexander Hillert

The course will start at around 9 am and end at around 6 pm including a lunch and coffee breaks. The exact times will be announced a few weeks before the beginning of the course.

6. Preparation and Literature

6.1 Prerequisites

There are no formal prerequisites for the course. A basic knowledge of econometrics and statistics on the master level and some familiarity with basic concepts in behavioral finance and decision making is very useful (e.g., Barberis and Thaler, 2003, "A survey of behavioral finance"; Kahneman, 2011, "Thinking Fast and Slow").

6.2 Essential Reading Material

A reading list, subdivided into essential readings and additional readings, will be provided about a month before the course start to all participants.

6.3 To prepare

Students should read the papers indicated on the reading list as mandatory course readings *before* the class. We will assign papers for student presentations that need to be prepared.

For the part on the empirical implementation of asset pricing tests, students should have a notebook with a standard statistics program (e.g., Stata). The necessary datasets will be provided in class.

7. Administration

7.1 Max. number of participants

20

7.2 Assignments

Presentation of one or two (depending on the number of participants) papers in class. The presentation is mandatory for all course participants including the students who do not take the course for ECTS credits. Students will be informed about the paper(s) they have to present in advance.

7.3 Exam

The final grade is based on the presentation and a take home exam. The take home exam will be a referee report on a behavioral finance paper. It takes place approximately one week after the end of the course. The details and exact date will be discussed in class.

7.4 Credits

The course is eligible for 6 ECTS.

8   Working Hours

Working Hours	Stunden
1. *Preparations (essential readings)* 2. *Preparations (reading assigned papers, preparing paper presentations)* 3. *Active participation in the course (class hours)* 4. *Following up on the course and preparing for the exam* 5. *Exam (writing a referee report)*	1. 40 h 2. 40 h 3. 36 h 4. 40 h 5. 24 h
SUMME	**180 h**
ECTS: 6	