Introduction to Behavioural Finance

Duration: 5 Days

Language: en

Course Code: PF1-126

Objective

Upon completion of this course, participants will be able to:

- Describe behavioural finance and its impact on financial markets.
- Examine the psychology of financial decision-making.
- Analyse common biases and their underlying motivations and consequences.
- Explore behavioural biases and approaches in corporate frameworks.
- Understand the actions and attitudes of investors.

Audience

This course is intended for

- Investment professionals in Finance, including Financial Analysts
- Professionals working in the Capital Market sector
- Risk Management professionals
- Portfolio Managers
- Anyone looking to develop an understanding of financial decision-making

Training Methodology

This course utilises diverse adult learning styles to ensure comprehensive understanding. Participants will engage in interactive lectures, group discussions, and hands-on workshops, including case studies and simulation exercises. They will have cutting-edge tools to enhance their practical skills and analyse real-world examples. Peer-to-peer feedback and expert guest lectures will further enrich the learning experience, ensuring participants can effectively apply behavioural finance principles in their workplace.

Summary

Behavioural finance is a branch of behavioural economics that examines how psychological biases and influences affect investment decisions. Understanding the motivations behind investors' financial decisions and how they impact markets is an influential factor in your organisation's financial health.

In this course, you will learn the concepts that underpin financial behaviours, such as biases, risk profiles, and how emotions affect investor actions. This understanding will help you to make balanced decisions free of biases and attitudes for your organisation and its clients.

Course Content & Outline

Section 1: Overview of Behavioural Finance

- Outline the financial theories behind hard and soft money.
- Describe three investment strategies: hedging, arbitrage, and speculation.
- Define behavioural finance.
- Review traditional portfolio analysis.
- Examine investor risk profiles: conservative, moderate, and aggressive.
- Characterise the main aspects of market sentiment.
- Describe the causes and consequences of stock market crashes.

Section 2: Applying Psychology to Financial Decision-Making

- Describe cognitive shortcuts or heuristics in behavioural economics.
- Examine the role of neuroeconomics in understanding financial decision-making.

- Use behavioural finance to examine the impact of emotion on decision-making.
- Outline how experimental finance helps with understanding market factors and functions.
- Describe the Psychology of Risk.
- Discuss psychological bias on financial regulation and policy.

Section 3: Behavioural Biases

- Explore market inefficiencies and investor behaviour.
- Describe belief-based and preference-based models in decision-making.
- Examine four prominent behavioural biases: overconfidence, regret, limited attention span, and chasing trends.
- Review additional behavioural bias types.
- Describe the disposition effect and familiarity bias.

Section 4: Behavioural Corporate Finance

- Discuss the impacts of behavioural biases on:
  - Financing decisions
  - Capital budgeting
  - Other investment decisions
- Explore the relationship between behavioural finance and dividend policy decisions.
- Discuss behavioural approaches to corporate loyalties, conflicts, and governance.
- Examine behavioural influences on IPOs (Initial Public Offering).
- Review the impact of behavioural finance on mergers and acquisitions performance.

Section 5: Investor Behaviours

- Describe how trust behaviour supports the foundation of financial markets.
- Outline the behaviours of individual traders.
- Examine the influence of cognitive abilities on financial decision-making.
- Discuss the investment behaviours of pensioners.
- Outline the behaviours of institutional investors.
- Understand investor behaviour in derivative markets.

Certificate Description

Upon successful completion of this training course, delegates will be awarded a Holistique Training Certificate of Completion. For those who attend and complete the online training course, a Holistique Training e-Certificate will be provided.

Holistique Training Certificates are accredited by the British Assessment Council (BAC) and The CPD Certification Service (CPD), and are certified under ISO 9001, ISO 21001, and ISO 29993 standards.

CPD credits for this course are granted by our Certificates and will be reflected on the Holistique Training Certificate of Completion. In accordance with the standards of The CPD Certification Service, one CPD credit is awarded per hour of course attendance. A maximum of 50 CPD credits can be claimed for any single course we currently offer.

Categories

Finance, Accounting & Budgeting, Management & Leadership

Tags

finance , Behavioural finance , Behavioral , psychology

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