

FIN 7180 (G01) (3.0 CH)
BEHAVIORAL FINANCE
FALL 2020

INSTRUCTOR

Name: Chi Liao, PhD	Office Location: 458 Drake Centre
Phone: (204) 474-9486	Office Hours: Tue & Thu, 11:15am – 12:15pm
Email: chi.liao@umanitoba.ca	Class Room: Online (see UM Learn for details)
	Class Time: Tue & Thu, 2:30pm – 3:45pm

COURSE DESCRIPTION

Traditional finance assumes that financial market participants are fully rational, however, recent evidence contradicts this view. We will examine, in depth, how various psychological biases may impact financial decisions and the extent to which these tendencies lead to sub-optimal market outcomes relative to what rational models would predict.

COURSE OBJECTIVES

We will focus on a critical analysis of the implications of psychology on financial markets, investor behavior, and corporate managerial decision making, as well as how behavioral insights complement the traditional finance paradigm. Students will develop a practical understanding of the ways humans make financial decisions, with specific attention to the way emotions, biological characteristics, and psychological traits influence financial decisions. Students will gain a deeper understanding of state-of-the-art developments in behavioral finance and how they apply to practical settings.

COURSE FORMAT AND ONLINE ACCESS

This course will be conducted “live” via videoconferencing using Zoom and will not involve in-person instruction. Classes will be during the scheduled class time.

Please see UM Learn for the Zoom link and password. To join the class from your computer, install Zoom Client for Meetings from zoom.us/download. To join from your smartphone, install the Zoom app. Detailed instructions are available [here](#).

For recording attendance and class participation, you will be expected to have your camera and microphone on during class, as well as during presentations. You are expected to leave your camera on for the duration of the class. Have your microphone muted and unmute yourself only when you speak.

Please note that all classes will be recorded (audio and shared screen, but not cameras) and the video recordings may be shared on a **case-by-case basis for up to 7 days after the class** was recorded. Recordings are NOT a substitute for class attendance and should not be treated as such. You are expected to be in a location with a reliable Internet connection that is strong enough for streaming video and audio. **A request for a recording will be considered a missed class.**

COURSE MATERIALS

As classes will be delivered synchronously via Zoom, a device enabled with a camera and microphone is required. Further, you are expected to be in a location with a reliable Internet connection that is strong enough for streaming video and audio. You may also want to consider using earphones/headset with a mic, unless you have a computer/tablet with good speakers/mic.

For attendance and class participation, you will be expected to have your camera and microphone on during class, as well as during presentations. You are expected to leave your camera on for the duration of the class. Have your microphone muted and unmute yourself only when you speak.

1. **A laptop or desktop computer with camera, microphone, and strong internet connection.**
2. **Textbook:** Behavioral Finance: Psychology, Decision-Making, and Markets, by L. Ackert & R. Deaves, 2010, Cengage Learning, ISBN 0-324-66117-7
 - An eTextbook can be rented online at <https://www.vitalsource.com/> or from other eTextbook providers.
3. **Course package:** Available from the Bookstore
4. **iClicker: All students must register for iClicker before the second class.** This allows you to participate in in-class preparedness checks using your smartphone, laptop, or desktop. Please see UM Learn for registration instructions. There is no charge for U of M students.

Assigned readings should be read prior to the class session for which they are assigned. In-class discussions, exercises, and additional lecture materials will be used to situate the readings within the broader context of behavioral finance. Lecture notes and additional readings will be available on UM Learn.

Please respect copyright laws. Photocopying textbooks or other reading material is a violation of copyright laws and is unethical, unless permission to copy has been obtained.

AACSB Assurance of Learning Goals and Objectives.

The Asper School of Business is proudly accredited by AACSB. Accreditation requires a process of continuous improvement for the School and our students. Part of “student improvement” is ensuring that students graduate with the knowledge and skills they need to succeed in their careers. To do so, the Asper School has set the **learning goals and objectives** listed below for the **MBA Program**. The checked goal(s) and objective(s) will be addressed in this course and done so by means of the items listed next to the checkmark.

	Goals and Objectives in the MBA Program	Goals and Objectives Addressed in this Course	Course Item(s) Relevant to these Goals and Objectives
1	Strategic Thinking Students will think critically and creatively about solutions to organizational problems, considering short-term and long-term goals, resources, risks, and opportunities.		
	A. Students are able to identify situations where strategic thinking is necessary.	✓	Entire course
	B. Students are able to identify different strategies.	✓	Written assignments, group project
	C. Students are able to perform a basic strategic analysis.	✓	Group project
	D. Students are able to recommend strategic alternatives and their implementations.	✓	Group project
2	Global Perspective Students will adopt a global mindset in considering organizational decisions.		
	A. Students have an awareness of global diversity, and multicultural awareness.	✓	Class topics/readings
	B. Students have an awareness of different global perspectives.	✓	Class topics/readings
	C. Students have been exposed to global business environments through course materials		
3	Ethical Mindset Students will consider ethical and moral issues when analyzing and recommending solutions to organizational problems.		
	A. Students demonstrate an understanding of the responsibility of business in society.	✓	Group project
	B. Students demonstrate an understanding of ethical decision making.	✓	Group project
	C. Students demonstrate moral development in ethical decision making.	✓	Group project
	D. Students demonstrate an understanding of the responsibilities of a leader’s role as it relates to ethics.		
4	Quantitative and Financial Proficiency Students will demonstrate the ability to approach organizational issues using quantitative and financial analysis.		
	A. Students are able to identify that a problem containing a quantitative aspect exists.	✓	Group project
	B. Students are able to apply financial methodologies in the answering of business questions.	✓	Entire course
	C. Students are able to demonstrate a basic financial proficiency in understanding the role and flow of money in an organization.	✓	Group project
	D. Students are able to interpret the results of a financial analysis.		

COURSE ASSESSMENT

Student progress will be assessed through:

Class participation:	20%
iClicker preparedness checks:	10%
Written analysis papers (10% each):	20%
Current events presentation:	10%
Project proposal:	5%
Project pitch:	5%
Project presentation:	15%
Project report:	15%

Final grades will be assigned as follows.

In the event of a skewed distribution of grades, the total course marks may be curved up or down as necessary (the weighting of each component will remain unchanged).

Cumulative Marks	Grade	GPA	Performance
94-100	A+	4.5	Excellent
85-93.99	A	4.0	Very Good
75-84.99	B+	3.5	Good
70-74.99	B	3.0	Satisfactory
65-69.99	C+	2.5	Marginal
60-64.99	C	2.0	Unsatisfactory
50-59.99	D	1.0	Unsatisfactory
49.99 and below	F	0.0	Unsatisfactory

NOTE: Class attendance is required. Missing more than 20% of this course due to absences may result in a failing grade. It is your responsibility to inform your professor in advance of your absence and the reason for it (medical documentation or employer note if away for a work commitment) is required. The professor decides how to deal with the impact of missed classes on your final grade.

Class participation

You will be graded based on the quality (and to a lesser extent, quantity) of your contribution to the class discussions. Reading the assigned readings before coming to class will help you greatly in this regard. You are expected to have your camera on during class.

Missing class will significantly impact your class participation grade. Likewise, attendance by itself will not earn you any points. You can have 100% attendance and still receive a failing class participation grade if you did not participate at all. It is important that you attend regularly with your camera on and participate actively in class discussions.

You are required to leave your camera on for the duration of the class. Have your microphone muted and unmute yourself only when you speak. For recording attendance, **a screenshot will be taken as a record of attendance at a random time during the class.** If you do not have your camera on when the screenshot is taken, you will be recorded as absent (unless your absence has been excused). It is your responsibility and a course requirement to have a strong internet connection during class. As such, a request for a recording will be considered a missed class.

Examples of effective participation include, but are not limited to:

- Asking thoughtful questions and providing commentary or opinions about concepts from readings, current events, lectures or readings that you agree or disagree with.
- Sharing your experience or point of view with the class.
- Building on points raised by others.
- Clarifying issues or relating topics discussed to previous class discussions, experiences, current events, etc.
- **Please note:** Summarizing readings and asking questions answered in the readings are **not** an example of effective participation.

An online class format allows various forums for participation:

- Before class using the Discussion forum on UM Learn. For each class please keep all posts under **one** thread.
- In class using the "Raise Hand" function or by unmuting yourself to speak.
- In class using the chatroom feature and monitoring of the chatroom.
- **Please note:** The plagiarism and academic integrity guidelines at the end of this course outline apply to participation in these formats as well.

Direct student-student interaction is encouraged. Such interaction should be both positive and courteous even when opinions differ.

iClicker preparedness checks:

At the very beginning of each class, I will use iClicker to ask you questions pertaining to your readings or to recall material from earlier weeks. These will tend to be simple true/false or multiple-choice questions, though some may be tougher and ask about more nuanced details. **These checks will begin starting the second class.**

Please see instructions on UM Learn for download and registration instructions.

This component of your grade will be equally divided among the classes for which we use iClicker. Note that if you are absent or late to class and miss the preparedness check, you will forgo this portion of your grade for that particular class. It is your responsibility to sign in to iClicker early enough to ensure that it is working properly. Any issues must be addressed via email to me within 7 days of the class in which they occurred, no consideration for adjustments will be provided after that.

Written analysis papers

You will submit **two** written analysis papers throughout the term, each worth 10% of your final grade. An analysis paper should provide a **short**, relevant summary of the reading(s), article, situation, issues, etc. that you are analyzing. This summary is of less value in the assessment of your work than the critical analysis, which is the key to this assignment.

The summary should be followed by a **critical analysis based on your own thoughts and opinions backed up by evidence, logic, and reasoning (including but not limited to research studies, concepts from class, etc.), as opposed to a mere summary of the reading.** A mere summary of a reading, existing articles, etc. will result in a **failing grade**. The grading will assess whether you have anything new to say that is both grounded in your own ideas and thought processes, as well as correctly applies behavioral concepts. Note that if an analysis is submitted on a topic already covered in class, a deeper and more insightful analysis taking into account all relevant class discussions will be expected.

These analysis papers are intended to develop your ability to apply the concepts we learn in class to real-world events and/or issues. Your analysis paper, for example, can be an application of the concepts learned in class to an industry problem, an issue you have come across at work, research article(s), current event(s), or newspaper articles. Your analysis may also be a critique of a reading, an expansion of the ideas in a reading, or a "mini" version of a group project (different from your actual group project topic). Be sure to identify and describe the underlying behavioral concepts at play in your analysis as well as your recommendations for how to mitigate, resolve, and/or improve the issues/circumstances you are analyzing. Discussions should be supported by information and evidence, concepts learned in class, and well-articulated reasoning. If recommendations are provided, consider discussing how the quality and success of your recommendations will be determined. How could they be evaluated in practice? What are the barriers to their adoption?

Another goal of this assignment is to develop your ability to provide a clear exposition of your ideas in writing as well as exercise and improve your professional writing skills. Your opinions and ideas are only as good as your ability to communicate them. Please ensure your ideas are not masked by poor writing. I suggest using the writing tutors available from the U of M Academic Learning Centre: http://umanitoba.ca/student/academiclearning/writing_tutor/writing_tutor.html. Further, I encourage you to explore the Asper Writing Course (ASPER_WRITING_CO) on UM Learn.

Your analysis should be a maximum of **2 double-spaced pages** (Times New Roman size 12) with 1-inch margins. You may include additional page(s) for references (APA) and figures, if applicable. Each analysis will be evaluated according to the following criteria:

- The thorough and insightful identification, understanding, and application of relevant behavioral concepts, as well as suitable recommendations/conclusions that are supported by and consistent with the analysis as well as practically relevant and implementable in the real world (50%)
- Logical reasoning and development of thoughts and ideas including the presentation of logical, consistent, cohesive, and relevant arguments throughout the analysis. (30%)
- Quality of writing (e.g. clear, concise, logical, and direct writing style, free from grammatical and spelling errors) and adherence to the prescribed format and page limit (20%)

At least one of the two analysis papers must be related to finance (or you will lost 20% on your second analysis). The topics for your analysis papers should NOT be the same as your current

events discussion topic. You may submit the papers at any point throughout the course of the class, however, **both papers must be submitted on UM Learn by 11:59pm on the day of the last class.**

Current Events Discussion Lead

You will lead a discussion in groups of two based on a **newspaper article about a current event**, preferably in finance. You are responsible for finding a current event article (from the last couple of years), providing a brief (~1 minute) summary of the article, preparing a set of 2 to 3 discussion questions for the class, and a debrief with your concluding statements. Your discussion should take 5-10 minutes. **Your current event topic should not be the same as your analysis topics.** Newspaper and magazine articles (e.g., The Wall Street Journal, The New York Times, The Globe and Mail, etc.) are available online via U of M Libraries: <http://umanitoba.ca/libraries/>. Note you must have your camera on during any presentations.

You will be graded on the following criteria:

- The quality and insightfulness of the discussion questions that you identify and their ability to generate thoughtful and relevant discussion (20%)
- Your ability to lead the class discussion and engage the audience (including time management) (30%)
- The application of behavioral concepts learned in the class (or from other reliable sources) in your discussion questions and throughout your discussion. (50%)

Instructions to sign-up for a presentation date will be given in class. Each current event/topic can only be presented once. Please identify the topic for your current events discussion on UM Learn on a first-come, first-served basis. To help your fellow classmates, please try to be as specific as possible on UM learn when posting your topic so that others may do a similar topic with a different focus.

Group project

The project will be done in groups and is intended to give students an opportunity to explore the practical applications of behavioral finance concepts.

As in the workplace, it is essential to learn how to function effectively within teams and contribute to group goals. It is your responsibility to ensure you are adequately and consistently meeting your obligations and responsibilities to the team. It is also your responsibility to inform fellow team members if they are not meeting their obligations. To ensure this is the case, peer evaluations will occur anonymously and confidentially at term-end after the project has been submitted. The grade on the final project presentation and report will be adjusted for each group member based on this end-of-term confidential peer assessment.

The project pitch presentations will take place on **October 29**. The project proposal will be due on UM Learn at 11:59pm on the same day. The final project presentations will take place **on December 3, 8, and 10**. The final project report is due on UM Learn at **11:59pm on December 13**. You must have your camera on during all presentations. Please note that you will receive a grade of zero for missed group presentations.

Please see UM Learn for a document outlining further details about the project.

OTHER POLICIES, RULES, AND GUIDELINES

Course Schedule

Please see UM Learn for a table outlining topics and associated readings to be covered in this course. Readings and topics may be modified as needed. You will be informed about changes ahead of time.

Late submissions

In fairness to all students, you are expected to submit deliverables by the deadlines indicated. Unexcused late submissions will lose 20% per day. Three days past the due date, your submission will no longer be accepted and will receive a grade of 0. (This will not apply to group presentations.) You will receive a grade of 0 for missed group presentations. This policy ensures that people who make sacrifices to complete their work on time are not penalized.

Attendance Policy

The assignments and project are based on concepts and readings discussed in class. You are responsible for any material you miss due to absences, which may include but are not limited to material not covered in the readings, modifications to the course outline, and any announcements concerning assignments, presentations, or the group project.

Please note that you are expected to leave your camera on for the duration of the class and unexcused absences will affect your participation grade. Have your microphone muted and unmute yourself only when you speak. For recording attendance, you will be required to have your camera on during the class. **A screenshot will be taken as a record of attendance at a random time during the class.** If you do not have your camera on when the screenshot is taken, you will be recorded as absent (unless your absence has been excused).

Please note that all classes will be recorded (audio and shared screen, but not cameras) and the video recordings may be shared on **a case-by-case basis for up to 7 days after the class was recorded.** **Recordings are NOT a substitute for class attendance and should not be treated as such. A request for a recording will be considered a missed class.** Those who do not consistently attend class will not receive access to class recordings.

Out-of-Class Communication

Class slides, assignment/project guidelines, and other class-related files will be posted on UM Learn. Moreover, any announcements outside of class will be posted on UM Learn and/or sent by e-mail from UM Learn. It is your responsibility to check your U of M email account frequently so that you don't miss these emails.

I have regularly scheduled office hours and I am available by email. If you choose to contact me via email, I typically respond within 1-2 business days. There are many questions that cannot be answered

succinctly over email. If you email me a question, please consider whether it can be easily and effectively addressed via email. If not, please speak with me before or after class. I will try to respond to your questions by email whenever possible – when impractical to do so, I will arrange with you a time to meet via Zoom.

Group Work and Professionalism

I expect professional behavior as required in any workplace. Given the online class format, this includes having your camera on during class. This professionalism requirement extends to emails and interactions inside and outside of class with myself and other students.

All students are expected to treat group work as though they would in a business setting, ensuring professional behavior at all times. Professional behavior in group settings includes (but is not limited to) the following:

- Ensuring all group members voice their opinions, thoughts, and concerns;
- Taking personal responsibility to voice thoughts to benefit the group's learning;
- Contributing to the learning of the group by giving equal time and work quality as others in the group; and
- Committing to a standard of work agreed upon by the group; and

Writing

Clear and concise communication is important for all written assignments. Your ideas are only as good as you are able to communicate them. Please ensure that your ideas are not masked by poor writing. Poor writing will be penalized, particularly if it impedes understanding of the concepts you are attempting to communicate.

Helpful resources for writing and citing can be found in the Asper Writing Course (ASPER_WRITING_CO) on UM Learn, as well as here: <http://libguides.lib.umanitoba.ca/mgmtlibrary/writing-citing>. In addition, the U of M offers **free** writing tutors who will work with you one-on-one to improve a written assignment (and your writing skills in general). There are writing tutor appointments available in the Cohen and Dafoe Libraries and you can sign up for up to one appointment a week. You can find more information here: http://umanitoba.ca/student/academiclearning/writing_tutor/writing_tutor.html and register for appointments here: <https://manitoba.mywconline.com/>.

In this course, you are expected to use the APA style of referencing, for both the in-text citations and the Bibliography. To learn about the APA style, please consult a librarian in the Management Library or look up <http://libguides.lib.umanitoba.ca/citationmanagers/referencemanagers>.

ACADEMIC REGULATIONS AND STUDENT SERVICES

HUMAN ETHICS APPROVAL FOR DATA COLLECTION

As part of coursework, if you will be collecting data from people who are not students in this class, you must obtain Human Ethics approval from the UofM's Research Ethics Board (REB) prior to data collection. This applies to data collection such as surveys, interviews, focus groups, experiments, video recording, etc., where a respondent is solicited for participation.

If the entire class will be working on the same project, your instructor will apply for human ethics approval from the REB. If individuals or small groups of students will be working on different projects, it is the responsibility of the students to obtain approval (only one group member needs to apply). Your instructor will tell you whether s/he will be or you need to. When in doubt, please talk to your instructor.

Instructions and forms to apply for human ethics approval can be found at:

<http://umanitoba.ca/research/orec/ethics/guidelines.html>

In most cases, you will be using the "Protocol Submission Form" which is under the "REB Forms - Fort Garry Campus" heading.

It can take up to six weeks to process human ethics applications and obtain approval. Therefore, plan early. Note that approval must be obtained prior to data collection and cannot be obtained during the data collection phase or retroactively. Violation can get you, your instructor, and the Asper School in serious trouble with the REB.

If you will be collecting data only from other students in the class, you do not need REB approval. If you have any questions, please contact humanethics@umanitoba.ca or your instructor.

UNCLAIMED ASSIGNMENT POLICY

Pursuant to the FIPPA Review Committee's approved recommendations of August 15, 2007, all unclaimed student assignments will become the property of the faculty and will be subject to destruction six months after the completion of any given academic term.

STUDENT SERVICES AND SUPPORTS

The University of Manitoba provides many different services that can enhance learning and provide support for a variety of academic and personal concerns. You are encouraged to visit the below websites to learn more about these services and supports. If you have any questions or concerns, please do not hesitate to contact your instructor or the Graduate Program Office.

For Information on...	...follow this link
Tech-related issues with UM Learn or videoconferencing	Information Services & Technology
Course Outlines, Year-at-a-Glance, Concentrations, Textbooks, VW Dates and Final Exams	MBA Course Information
Exam Rescheduling Policy - <i>Please refer to Missing a Test/Exam on page 14 of the MBA Student Handbook</i>	MBA Student Handbook
Help with research needs such as books, journals, sources of data, how to cite, and writing	Library Resources
Tutors, workshops, and resources to help you improve your learning, writing, time management, and test-taking skills	Writing and Learning Support
Support and advocacy for students with disabilities to help them in their academic work and progress	Student Accessibility Services
Copyright-related questions and resources to help you avoid plagiarism or intellectual property violations	Copyright Office
Student discipline bylaws, policies and procedures on academic integrity and misconduct, appeal procedures	Academic Integrity
Policies & procedures with respect to student discipline or misconduct, including academic integrity violations	Student Discipline
Students' rights & responsibilities, policies & procedures, and support services for academic or discipline concerns	Student Advocacy
Your rights and responsibilities as a student, in both academic and non-academic contexts	Your rights and responsibilities
Full range of medical services for any physical or mental health issues	University Health Service
Information on health topics, including physical/mental health, alcohol/substance use harms, and sexual assault	Health and Wellness
Any aspect of mental health, including anxiety, stress, depression, help with relationships or other life concerns, crisis services, and counselling.	Student Counselling Centre
Support services available for help regarding any aspect of student and campus life, especially safety issues	Student Support Case Management
Resources available on campus, for environmental, mental, physical, socio-cultural, and spiritual well-being	Live Well @ UofM
Help with any concerns of harassment, discrimination, or sexual assault	Respectful Work and Learning Environment
Concerns involving violence or threats, protocols for reporting, and how the university addresses them	Violent or Threatening Behaviour

ACADEMIC INTEGRITY

I.H. Asper School of Business, The University of Manitoba

It is critical to the reputation of the I. H. Asper School of Business and of our degrees that everyone associated with our faculty behaves with the highest academic integrity. As the faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Any dishonesty in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic dishonesty under the heading "Plagiarism and Cheating." Specifically, acts of academic dishonesty include, but are not limited to:

- using the exact words of a published or unpublished author without quotation marks and without referencing the source of these words
- duplicating a table, graph or diagram, in whole or in part, without referencing the source
- paraphrasing the conceptual framework, research design, interpretation, or any other ideas of another person, whether written or verbal (e.g., personal communications, ideas from a verbal presentation) without referencing the source
- copying the answers of another student in any test, examination, or take-home assignment
- providing answers to another student in any test, examination, or take-home assignment
- taking any unauthorized materials into an examination or term test (crib notes)
- impersonating another student or allowing another person to impersonate oneself for the purpose of submitting academic work or writing any test or examination
- stealing or mutilating library materials
- accessing tests prior to the time and date of the sitting
- changing name or answer(s) on a test after that test has been graded and returned
- submitting the same paper or portions thereof for more than one assignment, without discussions with the instructors involved.

Many courses in the I. H. Asper School of Business require group projects. Students should be aware that group projects are subject to the same rules regarding academic dishonesty. Because of the unique nature of group projects, all group members must exercise extraordinary care to insure that the group project does not violate the policy on Academic Integrity. Should a violation occur on a group project, all group members will be held jointly accountable, no matter what their individual level of involvement in the specific violation.

Some courses, while not requiring group projects, encourage students to work together in groups (or at least do not prohibit it) before submitting individual assignments. Students are encouraged to discuss this issue as it relates to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic dishonesty involving a graduate student (i.e. MBA, MSc or PhD student) will be reported directly by the instructor to the Dean of the Faculty of Graduate Studies.

FACULTY BIOGRAPHY

I.H. Asper School of Business, The University of Manitob

Chi Liao

Accounting and Finance

I.H. Asper School of Business

Chi Liao conducts research in finance, with a focus on investment decision-making and behavioral finance. Her current work is aimed at understanding individuals' behaviour and the subsequent implications for investment performance and corporate finance. Of specific interest are ways in which individuals' behaviour may differ from traditional theories or assumptions, particularly when these individuals make decisions that have real impacts on financial outcomes. She has presented work at numerous conferences including the National Bureau of Economic Research Behavioral Economics Working Group and the Northern Finance Association Meetings, and her work has been cited in the Wall Street Journal and CNBC.

Chi has a PhD in Finance from the Rotman School of Management at the University of Toronto. She has an Honors Bachelor's degree in Mathematics (BMath) from the University of Waterloo and an Honors Bachelor's degree in Business Administration (BBA) from Wilfrid Laurier University.