



BEHAVIORAL AND PERSONAL FINANCE

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INTENDED AUDIENCE : • BTech/BE student with a basic knowledge of Economics and Statistics
• Students of MBA/MCom/MA (Eco)/BBA/BMS

INDUSTRIES APPLICABLE TO : Companies from BFSI (Banking, Financial services & Insurance) sector: **INDUSTRIES APPLICABLE TO :** Companies from BFSI (Banking, Financial services & Insurance) sector:

COURSE OUTLINE :

This course will cover the behavioral aspects of financial decision making and personal finance planning. The students shall be introduced to the theoretical, mathematical, and empirical underpinnings of anomalies and biases that investors face in financial markets. The course also focuses the behavioral approach of investment and personal financial planning. Through this course, we do not hope to make you 'financially literate' or advise you what to do with your money. Instead, the course will help you explore some of the most common biases and mistakes that we, as individuals, make while dealing with money (or something of that sort). With the help of discussions on related theories, mathematical illustrations, and experimental exercises, participants should be able to become familiar with terminology, techniques and approaches used in behavioralized financial services industry. Most of techniques can also be relevant to traditional financial advisory services, the products and services in the fintech domain, and public policy.

ABOUT INSTRUCTOR :

Prof. Chandra is an assistant professor at VGSOM, IIT KGP., I offer courses in Corporate Finance, Investment Management, and Management Accounting to UG, PG, and Doctoral level student. I have done BCom. (H), MCom, and PhD in Accounting and Finance area. I also have completed post-doctoral research in behavioral finance and asset pricing. My major research interests are in financial economics (behavioral finance, asset pricing, and economics of derivatives) and individual decision making under risk and uncertainty (prospect theory, risk preferences, irrationality). I do both theoretical and empirical work and am currently also involved in experimental work. The core issues that I have been working on are the study of behavioral dimension of investment decision-making, from both individual and institutional perspectives, and how it affects the asset prices and market mechanism. My research interests are based on the behaviouralized inquiries related to the emerging research area of behavioral finance which draws its ideas from various disciplines including economics, finance, psychology, sociology and so on.

COURSE PLAN :

Week 1: Introduction to behavioral economics and finance: the concept of expected utility, the vonNeumann Morgenstern framework

Week 2: Non-expected utility preferences and its applications in finance

Week 3: Beliefs, biases and heuristics in financial markets

Week 4: Basics of personal finance, financial planning, and budgeting

Week 5: Investment decision making and behavioral finance

Week 6: Investment strategies for individual investors

Week 7: Purchasing decisions, consumer credit and related issues

Week 8: Alternative investment and structured finance