

Description

 Description

766 - Behavioral Finance, Spring 2026

 Literature

Course Description

 Examination

Behavioral Finance is a field of study within economics and finance that examines how insights from psychology influence individuals' financial decision-making and how these influences aggregate to affect financial markets, asset prices, and institutional outcomes.

 Schedule

The course studies systematic and predictable deviations from traditional economic models that assume fully rational decision-making. By combining theoretical frameworks with empirical evidence, the course seeks to explain why individuals and markets sometimes behave in ways that appear "irrational," yet follow consistent and economically meaningful patterns. We explore the implications of these behaviors for investment, borrowing and consumption decisions, risk management, and the design of financial institutions and public policy.

 Contacts

While much of the course focuses on households and investors, the course also examines decision-making inside firms. In particular, we study behavioral corporate finance, emphasizing that managers are individuals subject to the same cognitive biases, beliefs, emotions, and experience effects as other decision-makers. Corporate policies—such as investment, financing, and merger decisions—are therefore shaped not only by incentives and constraints, but also by human psychology.

 Participants

Course Requirements and Prerequisites

Attendance is mandatory for **Guest lectures** (two confirmed, one possible), the student will have 15 points deducted from their final exam if they failed to attend all mandatory guest lectures. Attendance at all other lectures is strongly recommended.

Lecture slides will be posted on Canvas with a **one-week delay** and do **not** cover all material discussed in class. All material discussed in lectures may appear on the exam.

Prerequisites Students are expected to have completed:

- BSc-level Microeconomics (Economics 101 or equivalent)
- BSc-level Econometrics / Statistics

Students who are not enrolled in an SSE program must submit documentation proving completion of the prerequisites to anneli.sandbladh@hhs.se and marieke.bos@hhs.se. Final registration is granted only after approval.

Learning Objectives

After passing the course, students should be able to:

1. Summarize and explain the main theories in Behavioral Finance and

- relate them to limitations of traditional economic and financial models.
 - 2. Describe and evaluate the empirical research methods used in Behavioral Finance.
 - 3. Analyze how psychological factors influence both individual and managerial decision-making.
 - 4. Critically assess empirical evidence, with particular attention to identification strategies and statistical inference.
-

Teaching Format and Assessment

The course consists of lectures, one case study, unannounced pop-up quizzes, guest lectures, and in-class discussions. Participation is assessed during the case study session.

Pop-up Quizzes

- Four unannounced in-class quizzes
- No aids
- Together worth **up to 10 exam points**

Case Study

- Graded **Pass/Fail**
- Students may earn **up to 2 exam points** for preparation and participation
- Case study points **cannot increase the total exam points beyond 10**

Mandatory Guest Lectures

Failure to attend a mandatory guest lecture results in a **15-point deduction from the exam total**. Meaning the student starts the exam with a max 85 points out of 100.

Grade Scale

Popup quizzes total exam points available: **10** (popup quizzes and case study)

- Fail: 0
- Pass: 1.0
- Good: 1.5
- Very good: 2.0
- Excellent: 2.5

Final exam total exam points available:

- For those that **did** attend all guest lectures: **100 minus** popup quizzes points (**max 10**)
- For those that **did not** attend all guest lectures: **85 minus** popup quizzes points (**max 10**)

Grading cut-offs (SSE required cutoffs:)

- Fail: 0-50
- Pass: 51-60
- Good: 61-70

- Very good: 71-80
- Excellent: 81-90

Course director

Bos, Marieke

ECTS credits

7.50

Start semester

Spring 2026, first period

Information

CIVICA Course (BSc programs)

Elective Course (BSc BE)

Department

Department of Finance

Literature

 Description

 Literature

 Examination

 Schedule

 Contacts

 Participants

766 - Behavioral Finance, Spring 2026

General Reading Guidance (applies to all lectures)

For all required readings, students are expected to read:

- the abstract,
- the introduction, and
- the specific sections indicated below or announced in the lecture slides.

Unless explicitly stated, students are **not** required to read:

- mathematical proofs,
- technical appendices,
- online appendices, or
- supplementary materials.

Lecture 1 — Monday, 19 January 2026

Introduction to Behavioral Finance

Theme:

Why standard models fail; psychology and economics; motivation and scope

Required

- Rabin, Matthew. 2002. "A Perspective on Psychology and Economics." *European Economic Review* 46 (4–5): 657–685.

Read: Sections I–II.

Recommended

- Thaler, Richard H. 2016. "Behavioral Economics: Past, Present, and Future." *American Economic Review* 106 (7): 1577–1600.

Read: Entire article.

- Mullainathan, Sendhil, and Richard H. Thaler. 2000. "Behavioral Economics." NBER Working Paper No. 7948.

Read: Abstract and introduction.

- Gabaix, Xavier, and David Laibson. 2008. "The Seven Properties of Good Models."

In *Foundations of Positive and Normative Economics*.

Read: Conceptual discussion only.

Lecture 2 — Wednesday, 21 January 2026

Benchmark Model, Evidence, and Identification

Theme:

Rational benchmark, modeling assumptions, deviations, interpretation of evidence

Required

- Rabin, Matthew. 2013. "Incorporating Limited Rationality into Economics." *Journal of Economic Literature* 51 (2): 528–543.

Read: Entire article (no technical appendix).

Lecture 3 – Monday, 26 January 2026

Time Preferences I: Measurement and Motivation

Theme:

Discounting, heterogeneity, empirical relevance of behavioral biases

Required

- Frederick, Shane, George Loewenstein, and Ted O'Donoghue. 2002. "Time Discounting and Time Preference: A Critical Review." *Journal of Economic Literature* 40 (2): 351–401.

Read: Sections 1–4.1 and 5.1.

Recommended

- Stango, Victor, and Jonathan Zinman. 2023. "We Are All Behavioral, More or Less." *Review of Economic Studies*.

Read: Introduction and motivation.

Lecture 4 – Wednesday, 28 January 2026

Time Preferences II: Present Bias

Theme:

Quasi-hyperbolic discounting; naïveté vs. sophistication

Required

- O'Donoghue, Ted, and Matthew Rabin. 1999. "Doing It Now or Later." *American Economic Review* 89 (1): 103–124.

Read: Introduction, Sections I and III.

Recommended

- Laibson, David. 1997. "Golden Eggs and Hyperbolic Discounting." *Quarterly Journal of Economics* 112 (2): 443–477.

Read: Abstract and intuition sections.

Lecture 5 – Monday, 2 February 2026

Applications of Present Bias and Consumer Myopia

Theme:

Commitment, self-control, exploitation, and firm responses

Required

- DellaVigna, Stefano, and Ulrike Malmendier. 2006. "Paying Not to Go to the Gym." *American Economic Review* 96 (3): 694–719.

Read: Abstract, introduction, empirical design, and main results.

Recommended

- Gabaix, Xavier, and David Laibson. 2006. "Shrouded Attributes, Consumer Myopia, and Information Suppression in Competitive

Markets.” *Quarterly Journal of Economics* 121 (2): 505–540.

Read: Abstract, introduction, and intuition sections (no proofs).

- Bryan, Gharad, Dean Karlan, and Scott Nelson. 2010. “Commitment Devices.” *Annual Review of Economics* 2: 671–698.

Read: Conceptual overview.

Lecture 6 — Wednesday, 4 February 2026

Mandatory Guest Lecture

CEO Tord Topsholm, Plus1 (15:00 AULA)

Required

- Review company website and product.
 - Relate Plus1’s business model to behavioral concepts covered so far
 - <https://www.plus1.com/>
-

Lecture 7 — Monday, 9 February 2026

Risk Preferences I

Theme:

Expected utility, calibration, small-stakes risk

Required

- Rabin, Matthew. 2000. “Risk Aversion and Expected-Utility Theory: A Calibration Theorem.” *Econometrica* 68 (5): 1281–1292.
Read: Abstract, intuition, and main argument (no proofs).

Recommended

- Rabin, Matthew, and Richard H. Thaler. 2001. “Anomalies: Risk Aversion.” *Journal of Economic Perspectives* 15 (1): 219–232.
Read: Entire article.
-

Lecture 8 — Wednesday, 11 February 2026

Risk Preferences II: Prospect Theory and Insurance

Theme:

Reference dependence, loss aversion, insurance choices

Required

- Kahneman, Daniel, and Amos Tversky. 1979. “Prospect Theory: An Analysis of Decision under Risk.” *Econometrica* 47 (2): 263–291.
Read: Sections I–IV (no proofs).
- Thaler, Richard H. 1985. “Mental Accounting and Consumer Choice.” *Marketing Science* 4 (3): 199–214.
Read: Entire article.

Recommended

- Sydnor, Justin. 2010. “(Over)Insuring Modest Risks.” *American Economic Journal: Applied Economics* 2 (4): 177–199.

Read: Abstract, introduction, and main results.

Lecture 9 – Monday, 16 February 2026

Prospect Theory, Gambling, and Dynamic Inconsistency

Theme:

Probability weighting, gambling behavior, risky choice over time

Required

- Kahneman, Daniel, and Amos Tversky. 1992. “*Advances in Prospect Theory: Cumulative Representation of Uncertainty.*” *Journal of Risk and Uncertainty* 5: 297–323.

Read: Conceptual sections.

Recommended

- Barberis, Nicholas. 2012. “*A Model of Casino Gambling.*” *Management Science* 58 (1): 35–51.

Read: Intuition and implications.

Lecture 10 – Wednesday, 18 February 2026

Case Study: Behavioral Biases and Financial Decision Tools

Theme:

Application and synthesis

Required

- Case materials and guiding questions (distributed in advance).
-

Sportlov – No Lectures

Monday 23 February – Friday 27 February 2026

Lecture 11 – Monday, 2 March 2026

Asset Allocation and Myopic Loss Aversion

Theme:

Evaluation frequency, investor behavior, equity premium puzzle

Required

- Benartzi, Shlomo, and Richard H. Thaler. 1995. “*Myopic Loss Aversion and the Equity Premium Puzzle.*” *Quarterly Journal of Economics* 110 (1): 73–92.

Read: Abstract and intuition.

- Iqbal, Kamal, Asad Islam, John A. List, and Viet Nguyen. 2021. “*Myopic Loss Aversion and Investment Decisions: From the Laboratory to the Field.*” NBER Working Paper No. 28730.

Read: Abstract, introduction, experimental design, and main results.

Lecture 12 – Wednesday, 4 March 2026

Mandatory Guest Lecture

CEO Patrik Adamson, LYSA (10:15–12:00 AULA)

Required

- Review company website and product.
 - Relate LYSA's design choices to behavioral concepts
 - <https://www.lysa.se/>
-

Lecture 13 – Monday, 9 March 2026

Behavioral Corporate Finance: Managers Are Humans Too

Theme:

Overconfidence, experience effects, managerial decision-making

Required

- Malmendier, Ulrike, and Geoffrey Tate. 2005. "CEO Overconfidence and Corporate Investment." *Journal of Finance* 60 (6): 2661–2700.
Read: Abstract, introduction, empirical design, and main results.
 - Malmendier, Ulrike, and Stefan Nagel. 2016. "Learning from Inflation Experiences." *Quarterly Journal of Economics* 131 (1): 53–87.
Read: Abstract, introduction, and selected empirical sections.
-

Lecture 14 – Wednesday, 11 March 2026

Integration, Review, OR Mandatory Guest Lecture (if applicable)

No new readings

Examination

Description

Literature

Examination

Schedule

Contacts

Participants

766 - Behavioral Finance, Spring 2026

Teaching Format and Assessment

The course consists of lectures, one case study, unannounced pop-up quizzes, guest lectures, and in-class discussions. Participation is assessed during the case study session.

Pop-up Quizzes

- Four unannounced in-class quizzes
- No aids
- Together worth **up to 10 exam points**

Case Study

- Graded **Pass/Fail**
- Students may earn **up to 2 exam points** for preparation and participation
- Case study points **cannot increase the total exam points beyond 10**

Mandatory Guest Lectures

Failure to attend a mandatory guest lecture results in a **15-point deduction from the exam total**. Meaning the student starts the exam with a max 85 points out of 100.

Grade Scale

Popup quizzes total exam points available: **10** (popup quizzes and case study)

- Fail: 0
- Pass: 1.0
- Good: 1.5
- Very good: 2.0
- Excellent: 2.5

Final exam total exam points available: **100 minus (popup quizzes points max 10) plus (guest lecture punishment max -15)**

- Fail: 0-50
- Pass: 51-60
- Good: 61-70
- Very good: 71-80
- Excellent: 81-90

766

Schedule

Description

766 - Behavioral Finance, Spring 2026

Literature

Information on this page was retrieved from the booking system TimeEdit.

Examination

[Simulate schedule »](#)

Schedule

January 19, 2026

10:15-12:00 | Room: A750

Sem 1

Lecture

13:15-15:00 | Room: A550

Sem 2

Lecture

January 21, 2026

10:15-12:00 | Room: A750

Sem 1

Lecture

13:15-15:00 | Room: A750

Sem 2

Lecture

January 26, 2026

10:15-12:00 | Room: A750

Sem 1

Lecture

13:15-15:00 | Room: R

Sem 2

Lecture

January 28, 2026

10:15-12:00 | Room: A750

Sem 1

Lecture

13:15-15:00 | Room: A350

Sem 2

Lecture

February 2, 2026

10:15-12:00 | Room: A750

Sem 1

Lecture

13:15-15:00 | Room: R

Sem 2

Lecture

February 4, 2026

15:15-17:00 | Room: A

Lecture

February 9, 2026

10:15-12:00 | Room: A342

Sem 1

Lecture

13:15-15:00 | Room: A342

Sem 2

Lecture

February 11, 2026

10:15-12:00 | Room: A750

Sem 1

Lecture

13:15-15:00 | Room: A342

Sem 2

Lecture

February 16, 2026

10:15-12:00 | Room: A342

Sem 1

Lecture

13:15-15:00 | Room: A342

Sem 2

Lecture

February 18, 2026

10:15-12:00 | Room: A342

Sem 1

Lecture

13:15-15:00 | Room: A342

Sem 2

Lecture

March 2, 2026

10:15-12:00 | Room: A342

Sem 1

Lecture

13:15-15:00 | Room: A342

Sem 2

Lecture

March 4, 2026

15:15-17:00 | Room: A

Lecture

March 9, 2026

10:15-12:00 | Room: A750

Sem 1

Lecture

13:15-15:00 | Room: A342

Sem 2

Lecture

March 11, 2026

15:15-17:00 | Room: A

Lecture

March 24, 2026

14:00-17:00

Examination

Behavioral Finance

766

Description

Literature

Examination

Schedule

Contacts

Participants

Contacts

766 - Behavioral Finance, Spring 2026

Course Director

Bos, Marieke

Deputy Director, Docent, Initiative
Director

A 6007

Marieke.Bos@hhs.se

+46 8 736 91 03



Administrators

Sandbladh, Anneli

A 8009

Anneli.Sandbladh@hhs.se

+46 8 736 91 42

