Module Specification

Behavioural Finance

Version: 2027-28, v1.0, Approved

Contents

Part 1: Information

Module title: Behavioural Finance

Module code: UMETH7-15-3

Level: Level 6

For implementation from: 2027-28

UWE credit rating: 15

ECTS credit rating: 7.5

College: College of Business and Law

School: CBL Bristol Business School

Partner institutions: None

Field: Economics

Module type: Module

Pre-requisites: None

Excluded combinations: None

Co-requisites: None

Continuing professional development: No

Professional, statutory or regulatory body requirements: None

Part 2: Description

Overview: This module will provide students with a thorough understanding of the history, context and main contributions of behavioural finance to better understand and explain a number of events and puzzles in the field of finance that mainstream financial economics cannot. Through this behavioural lens students will be exposed to psychological reasons for decision-making that is observed but that is sub-optimal and in extreme cases results in large financial 're-adjustments'. A number of core behavioural economic concepts will be explained including prospect theory, lossaversion, endowment effects, reference points, social preferences, heuristics, mental accounting and herding and how these can be used to explain financial trading decision when faced with different settings and scenarios. On successful completion of this module, students will have a better idea about what motivates humans when making trading decisions, how experimental methods and games contribute to understanding this decision-making and what the implications are for the internal monitoring of traders within banks.

Features: Not applicable

Educational aims: The module will explore, develop, and practise the following: Working in groups within weekly seminars. Participating in games and experiments to illustrate important behavioural economics concepts and implications of these concepts in the real world. asking questions and encouraging problem-solving within groups.

Outline syllabus: Efficient Market Hypothesis. Capital Asset Pricing Model (CAPM). History of behavioural finance - Shiller and Thaler research on this. Differences between behavioural finance and standard financial theories Use of algorithms in financial trades - Asset Bubbles and Speculative Bubbles - Rogue Traders - The Emotional Finance Model

Part 3: Teaching and learning methods

Teaching and learning methods: Teaching and learning methods: Students are expected to take responsibility for their own learning, which is facilitated and supported through the 3Ps (Preparation, Participate, Practise).

Preparation: -(i) Topics are introduced through pre-released materials incorporating a combination of interactive slides, podcasts, video recordings.
(ii) Students will be expected to read, watch and listen to the relevant weekly materials made available through the Reading List.

Participation:
(i) Face to face sessions will focus on participating in games and experiments to

illustrate important behavioural economics concepts and implications of these concepts when conducting financial trades. This will mean individual and group learning and experiential learning.
(ii) Students will participate in role-play games in a variety of different settings as if a financial trader. This will involve playing games, analysing their decision-making (and the decision-making of others) and reflecting on the games' outcomes drawing on standard financial trade theory and that of behavioural finance. This will enhance evaluative and analytical skills, oral communication, confidence, teamworking skills, critical judgement, and tolerance towards others.

Practise:
(i) Additional practise examples of games and experiments with accompanying relevant articles, podcasts and videos are provided and students have access to the module's (VLE) Virtual Learning Environment site which provides module information, any lecture and tutorial solutions, assessment information, and links to previous assessments.

Module Learning outcomes: On successful completion of this module students will achieve the following learning outcomes.

MO1 Explain core behavioural economics concepts in relation to how traders make financial decision.

MO2 Critically analyse the insights behavioural finance offers to understanding human behaviour in financial markets.

Hours to be allocated: 150

Contact hours:

Independent study/self-guided study = 114 hours

Face-to-face learning = 36 hours

Reading list: The reading list for this module can be accessed at readinglists.uwe.ac.uk via the following link https://uwe.rl.talis.com/modules/umeth7-15-3.html

Part 4: Assessment

Assessment strategy: This module deploys a mix of formative and summative assessment.

Formative assessment takes various forms and will occur throughout the module; it includes experiential learning through games and experiments. The formative assessment used in this module consists of group activities in interactive lectures and seminars. This will allow for face-to-face discussions between students.

Summative assessment will be a 1,500-word critical reflection on the behavioural economic theories and concepts undertaken in the different 'role-playing' sessions.

Assessment tasks:

Reflective Piece (First Sit)
Description: A critical reflection on the behavioural economic theories and concepts undertaken in the different 'role-playing' sessions (1500 words).
Weighting: 100 %
Final assessment: Yes
Group work: No
Learning outcomes tested: MO1, MO2

Reflective Piece (Resit)
Description: A critical reflection on the behavioural economic theories and concepts undertaken in the different 'role-playing' sessions (1500 words).
Weighting: 100 %
Final assessment: Yes
Group work: No
Learning outcomes tested: MO1, MO2

Part 5: Contributes towards

This module contributes towards the following programmes of study:

Banking and Finance {Foundation} [Frenchay] BSc (Hons) 2024-25

Banking and Finance [NEU] BSc (Hons) 2025-26

Banking and Finance [UFM] BSc (Hons) 2025-26

Banking and Finance {Dual} [Taylors] BA (Hons) 2025-26

Banking and Finance [Frenchay] BSc (Hons) 2025-26