**UNIVERSITY OF NORTHERN BRITISH COLUMBIA**

**BUSINESS PROGRAM**

**COMM 429**

**Finance: Advanced Topics**

**(Human Mind and Behavioral Finance)**

**Fall 2013**

Professor: Jing Chen Telephone: 960-6480

Office: 10-4534, T&L Class Time: T 8:30-11:20

Office Hours: T 1:00 – 3:00   Class Location: 10-4520

(or by appoint.) Email: [chenj@unbc.ca](mailto:chenj@unbc.ca)

Web site <http://web.unbc.ca/~chenj/teaching>

**COURSE OBJECTIVES**

We will explore the rapidly evolving field of **Behavioral Finance and its great impact to our understanding of human mind. The field of finance, with its unparallel abundance of accurate data, provides the unique opportunity to test many established and new hypotheses about human mind. We will introduce a new theory of mind that** provides a unified understanding of many psychological patterns. This theory is especially helpful in providing a simple and coherent understanding of many stock return patterns and investor behaviors. This course is an interdisciplinary exploration of human behavior, information theory and financial investment.

**Teaching Materials**

Handouts will be distributed in classes

**COURSE EVALUATION**

Class Participation 10%

Mid-term 20%

Final Exam 30%

Project 40%

Total 100%

Each group of three persons will presenta report on human mind or behavioural finance. Each **presentation** is forty minutes. Each group can pick your presentation time at the beginning of the term.

The **examinations** will cover all contents discussed in the course, including contents from student presentations. The style of the questions in the exams will be similar to those in the homework and the review.

**Class** **participation** will be mainly based upon the number of times you come up to present your homework solutions.

Tentative course outline:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Week** | **Dates** | **Topic** | **Notes** | |
| 1 |  |  |  | |
| 2 | Sept 10 | [Introduction](http://web.unbc.ca/~chenj/course/429/overview.doc) | |  |
|  | [Exponential and logarithmic functions](http://web.unbc.ca/~chenj/course/429/ExponentialAndLogarithmicFunctions.doc) | |  |
| 3 | Sept 17 | [Theory of information](http://web.unbc.ca/~chenj/papers/EcoMind.doc) | [Homework](http://web.unbc.ca/~chenj/course/ExInformation.doc) [Solution](http://web.unbc.ca/~chenj/course/ExInformation.xls) | |
| 4 | Sept 24 | Theory of learning | [Homework](http://web.unbc.ca/~chenj/course/ExLearning.doc) [Solution](http://web.unbc.ca/~chenj/course/ExLearning.xls) | |
| 5 | Oct 1 | Theory of judgment | [Homework](http://web.unbc.ca/~chenj/course/ExJudgment.doc) [Solution](http://web.unbc.ca/~chenj/course/ExJudgment.xls) | |
| 6 | Oct 8 |  |  | |
| 7 | Oct 15 | Midterm |  | |
|  |  | |
| 9 | Oct 22 | Theory of investment | [Homework](http://web.unbc.ca/~chenj/course/ExInvestment.doc) [Solution](http://web.unbc.ca/~chenj/course/ExInvestment.xls) | |
| 10 | Oct 29 |  |  | |
| 11 | Nov 5 | [Theory of human psychology](http://web.unbc.ca/~chenj/course/429/psychology.doc) | [Homework](http://web.unbc.ca/~chenj/course/ExPsychology.doc) [Solution](http://web.unbc.ca/~chenj/course/ExPsychology.xls) | |
| 12 | Nov 12 | Short term patterns in financial markets |  | |
| 13 | Nov 19 | Presentations |  | |
| 14 | Nov 26 | Review |  | |
|  | TBA | Final exam |  | |
|  |  |  |  | |

Please note that the above course outline is tentative. Although the major topic areas will be covered, the detail and extent of coverage will depend on the pace at which the class progresses.