



The Psychology of Finance

Understanding Investor and Market Dynamics



THE UNIVERSITY OF
CHICAGO



Global stock markets are constantly fluctuating, sometimes dramatically so. What factors drive supply and demand?

The Psychology of Finance

Behavioral finance examines how subjective, emotional influences impact investor behavior and market outcomes. The University of Chicago's eight-week Psychology of Finance course will help you understand the thinking behind money management and financial trading.

Course Details

Tuition: USD \$2,800

Format: Online with live, interactive sessions

Duration: Eight weeks

Language: English, Spanish, and Portuguese

Instructor: George Dan, MBA, Co-Founder and COO, User Nudge, Inc.; The Psychology of Finance, the University of Chicago

About the Course

The Psychology of Finance starts by introducing the fundamental concepts of behavioral finance: the utility of money, prospect theory, and consumer choice theory. It then goes on to the biases influencing human decision-making in finance. The course concludes with a detailed discussion of money management and financial trading.

Over eight weeks, you will explore how financial decision-making is affected not only by rational thought, but feelings, biases, and leaps of logic.

You will learn to:

- Describe concepts such as utility, probability weighting, the certainty effect, and survivorship bias, as well as risk, gains, and losses.
- Explain the causation/correlation error, the mental error in probability weighting, the consequences of the anchoring bias, over-trading due to overconfidence, the equity premium puzzle, and active vs. passive mutual funds.
- Evaluate subjective vs. absolute probabilities, overconfidence as the “mother of all biases”, and the framing and reversal of preferences.



Who Should Attend?

This course is designed for business professionals and emerging leaders working in management positions for financial institutions or in general business management.

Meet Your Instructor



George Dan co-founded the start-up User Nudge, Inc. as part of a lifelong journey to understand the way people make decisions. Using behavioral science, the company focuses on how those using online interfaces make decisions. Prior to co-founding the enterprise, Dan worked as the head of operations analytics with a software-as-a service company, where he designed processes, implemented new systems, and developed innovative ways of launching digital products. He earned his MBA from the University of Chicago Booth School of Business in 2008. Dan is on the board of Family Service of Lake County, a non-profit organization that aims to strengthen families through counseling, education, and related mental health support.

George Dan, MBA, Co-Founder and COO, User Nudge, Inc.; the Psychology of Finance, the University of Chicago

Why the University of Chicago?

Becoming a member of the University of Chicago community means gaining access to world-class instructors and a cohort of curious, diverse individuals.

Through a firm grounding in core principles and a rigorous approach to problem-solving, our teaching method—the Chicago Approach—will give you the tools you need to make sense of complex data and turn ideas into impact. Course participants will receive a certificate of completion and join a global network of thought leaders.

The University of Chicago Approach to Online Learning

Our online programs are crafted to support your specific professional development goals. Courses combine e-learning with live, interactive sessions to strengthen your skill set while maximizing your time. We couple academic theory and business knowledge with practical, real-world application.

Through online sessions, you will have an opportunity to interact with University of Chicago instructors and your peers.





Career Outlook

Behavioral finance proposes that psychological influences and biases affect the financial behaviors of investors and financial practitioners. All types of market anomalies, especially those related to the stock market, can be explained through these psychological behaviors. In a time of increased uncertainty and market volatility, behavioral finance is rapidly growing in practice. Advisors seek to incorporate this analysis into their wealth management processes to improve the client experience, deepen relationships, and deliver better results. In a recent survey of financial advisors, 81% of them said they were using behavioral finance techniques to build their clients' portfolios and communicate with them.

\$86_k

The average annual base pay for an investment advisor in the US

#4

The position of social/behavioral scientist in the ranking of emerging finance roles

81%

The percentage of financial advisors that are using behavioral finance techniques

Potential Job Titles in Behavioral Finance

- Behavioral Economics Researcher
- Behavioral Scientist
- Consultant
- Financial Analyst
- Financial Associate
- Investment Manager
- Personal Financial Advisor

What Our Participants Say



Enrique Allende Cano

Mexico, June 2020

“This course opens your mind to new ways of seeing things—not just investments, but daily routines and activities. I will be applying this knowledge to personal investments and in my work, namely in asset purchases and smarter decision-making.”



Graciela Yasmin Troll Gasco

Peru, September 2020

“I was delighted with the dynamics of the program. The updated and current topics and the instructor’s support and personalized feedback exceeded my expectation”





Weekly Schedule

The Psychology of Finance course covers the following topics:

Module 1: Bounded Rationality in Behavioral Finance

- Human decision-making
- Irrationality in decision-making and markets
- The utility of money
- Consumer choice theory

Module 2: Utility

- The dual process theory
- Prospect theory
- Regret theory and omission bias

Module 3: Probability

- Probability
- Range effects
- Base rates and false positives
- Probability weighting
- Relative vs. absolute probabilities
- Risk



Module 4: Ambiguity

- Ambiguity
- Investor behavior
- Correlation and causation

Module 5: Heuristics and Biases

- Heuristics
- Overconfidence
- Availability
- Representativeness
- Confirmation bias

Module 6: Framing and Mental Accounting

- Framing bias
- Anchoring and adjustment
- The endowment effect
- Mental accounting
- Status quo bias

Module 7: Behavior in Financial Trading

- Efficient market hypothesis
- Rise of the normal investor
- Overconfidence and excessive trading
- Bubbles

Module 8: Money Management

- The money management industry
- Life-cycle investing
- Parting thoughts

Course outline may be subject to change based on academic adjustments.

Complement your studies:



If you would like to further your studies in finance, our ten-month [Financial Management and Decision-Making for the 21st Century certificate program](#) solid theoretical knowledge of cutting-edge financial topics and practical applications to solve real-world business challenges.

You can also leverage the University of Chicago's leadership in finance and economics through individual programs such as Corporate Financial Strategy, Decision-Making and Risk Management, Fintech, and Machine Learning for Finance.

Learn more

To schedule an appointment with admissions, contact admissions@online.professional.uchicago.edu or, alternatively, you can let us know when we can call you [here](#).

Visit online.professional.uchicago.edu to learn more.