Exchange Traded Funds (ETFs) – concept of Mutual Funds and ETFs, benefits of investing in Mutual Funds and ETFs, some important cost considerations, services offered by Mutual Funds, selecting appropriate Mutual Fund and ETF investments, evaluating the performance of Mutual Funds and ETF.

Unit 4: Retirement Planning and Estate Planning (9 Hours)

Retirement Planning – role of retirement planning in personal financial planning, pitfalls to sound retirement planning, estimating income needs, sources of retirement income. Estate Planning – fundamentals of estate planning, impact of property ownership and beneficiary designations, estate planning documents, and executing basic estate planning.

Essential Readings:

1. Billingsley, R. S., Gitman, L. J., & Joehnk, M. D. (2016). *Personal financial planning*. Cengage Learning.
2. Tillery, S. M., & Tillery, T. N. (2017). *Essentials of personal financial planning*. John Wiley & Sons.

Additional Readings:

1. Introduction to Financial Planning (4th Edition 2017) – Indian Institute of Banking & Finance.
2. Sinha, M. *Financial Planning: A Ready Reckoner.* McGraw Hill.

Note: Latest edition of the readings may be used.

DISCIPLINE SPECIFIC ELECTIVE COURSE – 10: BEHAVIORAL FINANCE

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course & title Code	Credits	Credit distribution of the course			Eligibility criteria	Prerequisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Behavioural Finance DSE-10	**4**	**3**	**1**	**0**	**-**	-

Learning Objectives:

The objective of this paper is to introduce the students to the role of human behaviour in financial decision making. It aims to provide a comprehensive view of the psychological foundations and their applications to Corporate Finance and understanding Investor Behavior.

Learning outcomes:

- To establish a strong foundation of the basic concepts of Behavioral Finance.
- To understand the psychological biases and heuristics which affect financial decision making.
- To understand the application of Behavioral finance in Corporate Finance, Individual as well as Institutional Investor and Trading Behavior.

Unit 1: Foundation and Key Concepts (9 Hours)

Introduction to Behavioral Finance – Overview, Evolution, Key Themes, and Applications; Traditional versus Behavioural Finance; Limits to Arbitrage – Market Efficiency, Fundamental Risk, Noise Trader Risk, Implementation Costs; Theoretical and Empirical underpinnings of Behavioral Finance – Prospect Theory, Framing Effects, Heuristics and Biases, and Affect Theory; Emotional Finance - Concept, Emotional Finance in Practice – Risk, Momentum, Bad News Anomaly, and Pension Provision; Introduction to Neurofinance.

Unit 2: Psychological Concepts and Behavioral Biases (12 Hours)

Heuristics or Rules of Thumb, Disposition effect, Prospect theory and Behavioral finance, Overconfidence, Representativeness heuristics, Familiarity bias, Limited attention, Ambiguity aversion, Loss aversion, Framing, Self-deception, Mental accounting, Self-control, Regret avoidance, Availability bias, Anchoring bias, Optimism and Wishful thinking, Over reaction and Under reaction, Self-attribution, Endowment effect, Herd behavior, Hindsight bias,

Winners' curse, Cognitive dissonance, Status quo bias.

Unit 3: Behavioural Corporate Finance (12 Hours) Financing Decisions - Financing decisions of an optimistic manager and overconfident manager, Trade-off model - Incorporating Manager-Shareholder Conflicts and BondholderShareholder Conflicts; Capital Budgeting and other Investment decisions - effects of Managerial over-confidence and optimism on the Capital Budgeting decisions, Factors affecting the impact of Managerial Biases; Dividend policy decisions – Dividend puzzle, Behavioral biases as explanations for Dividends, Theories of Investor Biases, Theories of Managerial Biases.

Unit 4: Investor Behavior **(12 Hours)**

Individual Investor Trading - Rational Explanations, Behavioral Explanations; Aspects of Individual Investor Trading – Disposition Effect, Local Bias, Learning over Time; Implications of Individual Investor Trading – Asset Prices, Cost of Time; Individual Investor Portfolios - Biases and Diversification; Cognitive Abilities and Financial Decisions - Do Older Investors make better Investment Decisions? Cognitive Abilities and the Three Puzzles; Institutional Investors - Holding and Trades of Institutional Investment Managers, Capital Flows to Institutional Investors; Role of Culture in Finance - Impact of Culture on Firm and Investor Behavior; Social Interactions and Investing - Herding and Information Cascades.

Essential Readings

1. Baker, H. K., & Nofsinger, J. R. (Eds.). (2010). *Behavioral finance: investors, corporations, and markets* (Vol. 6). John Wiley & Sons.
2. Shleifer, A. (2000). *Inefficient markets: An introduction to behavioural finance*. Oup Oxford.

Additional Readings

1. Barberis, N., & Thaler, R. (2003). A survey of behavioral finance. *Handbook of the Economics of Finance*, *1*, 1053-1128.
2. Tversky, A., & Kahneman, D. (Eds.). (2000). *Choices, values, and frames*. Cambridge University Press.

The latest published research papers will be used for teaching to a greater extent.

Note: Latest edition of the readings may be used.

DISCIPLINE SPECIFIC ELECTIVE COURSE – 11: RETAIL BANKING

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course	Eligibility criteria	Prerequisite of the