

# Behavioral Finance

## The Mindset of the Business Market

### Introduction

The opinions of those involved in the financial markets have a direct impact on their performance. Strong markets are the result of positive market sentiment, whereas bearish markets, which can trigger a financial catastrophe, are driven by negative market sentiment. Conventional financial approaches typically presume that the market is trading at irrational levels and ignore these psychological aspects. However, behavioural finance clarifies how non-traditional elements, fear, greed, hope, rage, sadness, happiness, panic, and climate change impact a market's overall performance. Prior to making an investment, it is critical to comprehend the psychology of the market. In the current unstable market, behavioural finance is a potent tool that assists investors in creating a profitable investment portfolio.

Financial analysts and present or prospective investors have a rare opportunity to learn about the psychology of the market by enrolling in this Course N Carry training course in behavioural finance. This lesson demonstrates how the financial market system is driven by emotions. Delegates will also gain knowledge about managerial hubris, noise trading, overconfidence and underconfidence, behavioural biases, market sentiment, rational and irrational behaviour, technical trading (momentum and contrarian), loss aversion, and the most recent advancements in behavioural finance. Delegates will comprehend behavioural biases' financial ramifications on a deeper level.

### **This training programme will emphasise:**

- The Ascent and Decline of Neoclassical Banking
- The Ascent and Expansion of Adherent Finance
- The Effects of Behavioural Biases on Money
- Behavioural Investment Techniques, Parts I and II
- Advancements in Behavioural Finance Lately

### Objectives

#### **After completing these training sessions, you will be able to:**

- Determine the framing effects, heuristics, and behavioural biases that stand in the way of maximising the value generated by business finance and investment decisions.

- Examine the ways in which personal financial choices and actions impact the results of financial market investments.
- Draw attention to the pertinent questions that come up when comparing well-known, but more realistic, behavioural (or "partially rational" or "irrational") markets with efficient (or "economically rational") markets.
- Show how knowledgeable investors and corporate decision-makers can enhance their company finance and investment judgements by overcoming these behavioural biases, heuristics, and framing effects.
- Show that you are aware of the dynamics of the market today.

## Training Methodology

With formal presentations, the most recent research articles, and interactive worked examples, this Course N Carry training session will be designed as a highly participatory workshop. Opportunities to learn and use the primary investing methods are offered, along with pertinent examples and practical research that show how each of the topics discussed can be applied.

## Organizational impacts

**The advancement and practical use of sophisticated behavioural science in financial market risk, along with increased knowledge of significant current advancements in financial management, will be advantageous to the organisation. Benefits that are particular to the organisation include:**

- Applying neuroscience and psychology to financial decision-making
- Making decisions based on the emotion of the market
- Current awareness of the dynamics of the market
- Acquiring expertise in evaluating and interpreting financial advances and hazards
- Increased knowledge about fresh financial prospects
- Capacity to assemble a successful portfolio
- Advanced financial forecasting practical skills

## Personal Impact

**The programme will provide participants with up-to-date knowledge and useful skills in behavioural finance, enabling them to both advance their own professional development and contribute more to the growth and enhancement of investments. Attendees will possess:**

- The capacity to make business decisions using behavioural models
- The chance to address their own biases in behaviour and make the necessary corrections
- The understanding of how to deal with people that exhibit behavioural biases
- Greater comprehension of the workings of the financial market
- The capacity to decide financially in a market that is unstable

- A solid grasp of current and prospective financial products

- An enhanced comprehension of the prevailing industry trend
- Understanding of financial management

## Who should attend?

All individuals engaged in (or intending to participate in) making investment and sales choices would find value in these Course N Carry training sessions. This covers private citizens, governmental bodies, non-profit organisations, and financial and non-financial entities.

**A wide range of professionals can benefit from this Course N Carry training course, but the following are particularly noteworthy:**

- Members of the Financial Accounting Team
- Experts in Budgeting and Financial Planning
- Members of the Head Office Team and Strategic Planning
- Professionals in Corporate Communication and Investor Relations
- Advisors and Analysts of Investments
- Traders
- Investing people overall
- Analyst for Stock Market
- Those in charge

## Course Outline

### Day 1

#### **The Ascent and Decline of Behavioural Finance & Neoclassical Finance**

- Overview
- The Foundations of Traditional Finance
- Neoclassical Finance's Failure
- The Myth of French and Fama Expounded
- The Global Financial Crisis: The Cause of the Efficient Market Hypothesis
- Crashing and Blowing Up in the FX and Stock Markets
- Why Do Authorities & Academics Support the EMH?
- Eliminating Reason
- References and Illustrations of Irrationality
- Market Inconsistencies

### Day 2

## **The Effects of Behavioural Biases on Money**

- Bias Against Loss Aversion
- Overconfidence Prejudice
- Bias Towards Representativeness
- Anchoring Prejudice
- Bias for oneself
- Effect of Disposition
- Hubris in Management
- Utilising Working Capital Management

## **Day 3**

### **Investment Strategies Based on Behaviour**

- Trading Sounds
- Methodological Evaluation
- Rapid Trading
- Investment Techniques That Are Contrarian
- Platforms for Multilateral Trading and High Frequency Trading
- Energy Exchange
- Trading in Commodities
- Risk of Terrorism

## **Day 4**

### **Second Behaviour-Based Investment Strategies**

- Fund Managers' Conduct
- The Impact of Green
- Ecological Banking
- Fintech
- The cryptocurrency
- The Effect of Black Friday
- Trading Derivatives
- Financial Volatility Resulting from COVID-19 and Brexit

## **Day 5**

### **Advancements in Behavioural Finance Lately**

- Finance and Ecology

- Financial Emotions
- Finance Based on Quantitative Behaviour
- The Effectiveness of Political Tenure, Financial Indicators, and Narcissism
- Impact of Wealth and Diamond Risk Framework
- Economics of Trumpism
- Seasonality within Real Estate Investment Trusts
- Health Care Finance