
Bachelor Block Seminar in Behavioral Economics

Topic: "Behavioral Finance"

Summer Term 2021

In the summer term 2021 the chair of Experimental Economics offers a block seminar in "Behavioral Finance." The seminar will mainly focus on the analysis of irrational investor behavior on financial markets. The seminar deals with several aspects, such as market efficiency, decision heuristics, loss aversion, investor psychology, and neuroeconomic approaches. All 12 topics are presented below. The idea is that each participant picks one of the listed topics and finds exactly three (connected) current research papers, which deal with these topics. Depending on the given topic the papers may focus on empirical, experimental, and or theoretical methods (see specifications in square brackets). The goal is that the seminar paper mainly summarizes these three papers. Other literature should only be cited in the introduction and in the conclusion part of the seminar paper. The seminar paper should consist of a motivating introduction to the research topic and the focus, which is chosen in the current seminar work. Next, the three papers should be introduced and summarized in a consecutive way. The idea is that each paper's research idea is briefly introduced, followed by an introduction of the research method (e.g., data set and empirical approach, or experimental design, theoretical model) and a presentation of the key results. After all three papers were presented, the author should discuss what we can learn from the synthesis of the three papers.

Requirements to pass the seminar:

1. Before submitting the seminar paper, the block seminar will take place. Here, participants give a talk in an online seminar. The talk should briefly summarize the three papers and present the key findings, but of course it may differ from the seminar paper.
2. Seminar paper submission: The participants submit a final seminar paper (approx. 15-18 pages, including references and possible appendix).

Max. number of participants: 12 participants

Language: English (talk and paper; no exceptions possible)

First meeting: April 15, 2021, 4 p.m. (s.t.) – 5 p.m. Live meeting (Zoom)
Link: <https://uni-goettingen.zoom.us/j/91477461874>

Topic assignment: Topics are assigned online at "Terminplaner 4." Starting from April 16 until April 23, you can register for one of the topics. There is only one slot for each topic. The allocation is based on a first-come-first-served-principle. I will publish the URL of the "Terminplaner 4" poll on StudIP on April 16 at 10 a.m. (s.t.). On April 24, I will



inform students, whether they received a topic. Due to capacity constraints I can only accept 12 registrations.

- Deadline to enroll/withdraw:** April 30, 2021 on FlexNow
- Date for the blocked seminar:** June 24 & June 25, 2021 from 10 a.m. – 5 p.m.
If possible, in class at:
Theologicum – PIZ 5276 – Theo 0.135.

Otherwise online on Zoom:
Day 1: <https://uni-goettingen.zoom.us/j/96332648802>
Day 2: <https://uni-goettingen.zoom.us/j/95675767269>
- Deadline to submit paper:** July 9, 2021 (11:59 p.m.) via "DoIt" on StudIP page of the course.
- Contact:** If you have further questions, please contact Prof. Dr. Rau: holger.rau@uni-goettingen.de

Seminar Topics

1.) Market Efficiency

- a) ***Market Bubbles: Determinants and Occurrence***
[Experimental Evidence]
- b) ***Herding and Social Trading: Is it Good to Follow the Crowd?***
[Empirical and/or Experimental Evidence]
- c) ***Stock Market Reactions During the Corona Pandemic: Are Markets Efficient?***
[Empirical Evidence]

2.) Decisions under Uncertainty

- a) ***Statistical Biases: Field Evidence on the Gambler's and Hot-Hand Fallacies***
[Empirical Evidence/and or Experimental Evidence]
- b) ***The Prospect Theory: Theory and the Disposition Effect as an Application***
[Theory & Empirical/Experimental Evidence]



3.) Loss Aversion and Investment Decisions

- a) ***The Endowment Effect: Trading Effects and Market Experience***
[Empirical Evidence/and or Experimental Evidence]
- b) ***Myopic Loss Aversion: The Impact on Market Outcomes***
[Empirical Evidence/and or Experimental Evidence]

4.) Investor Psychology

- a) ***Investor Overconfidence: The Impact on Trading Performance***
[Empirical Evidence/and or Experimental Evidence]
- b) ***Regret and Anticipated Regret: The Role on Investment Behavior***
[Empirical Evidence/and or Experimental Evidence]
- c) ***Mood Induced Trading Patterns: What are the Implications for Financial Markets?***
[Empirical Evidence]

5.) Neuroscience and Financial-Decision Making

- a) ***Risk Taking: The Role of Hormones***
[Experimental Evidence]
- b) ***fMRI and Trading: Insights on Investors' Motivations***
[Experimental Evidence]