



**ATHEXGROUP**  
Athens Exchange Group

**ATHEX**  
academy



# Behavioral Finance

## People & Markets

**We create the markets.** Our beliefs, perceptions and everyday actions as an aggregate move prices, support data and justify reality. Don't forget there is no such thing as "Real reality" ?

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# Course Overview

Neoclassical microeconomics makes a sizeable number of assumptions that are at odds with empirical observations. The efficient market hypothesis in finance is grounded in neoclassical microeconomics and argues in favour of market activity generating prices consistent with intrinsic value. In other words, neoclassical orthodoxy claims that markets get prices right. The course in behavioral economics and finance explores alternatives to the hypothesis of neoclassical microeconomics that homo sapiens are strictly rational (or that they make decisions based on rational expectations) and subsequently, through some time constant iterative process, generate correct market prices. Behavioral finance specifically explores the impact of psychology, uncertainty (which is not synonymous with risk) and the cognitive biases/forces that impact our decisions. Behavioral finance applies the scientific method (rejecting hypotheses for which there was no supporting evidence) to understand the impact of cognitive forces, including motivation, emotions, impulses, fear, regret, loss aversion, and genuine uncertainty upon financial market outcomes.



## Subjects to be covered

### 1 Basic Psychology - Cognitive Errors

*Economics are a social science.*

People and their decisions are at the center of any economic or financial metric. We need to understand how we make decisions and how we think in order to revisit all social sciences. Psychology can help us understand if what we call "rational investor" exists or is only a theoretical notion.

### 2 Important Market Anomalies

*We review the major market anomalies and we compare explanations from standard finance theory as well as behavioral finance.* Questions and discussion are welcome during this session as real life examples from our experience in the financial markets will help us all move forward in our understanding.

### 3 Application in our markets

*Knowledge won't make any difference if it's not applied.*

We will discuss examples and participant input will be welcomed. We will apply the basic principles learnt during the seminar in current international and local markets, come to some conclusions and experiment with questions, quick decisions and deep discussion.



27 & 28 April 2020



17:30 - 21:30



22 April 2020



The seminar is in Greek language



€ 250 (+ V.A.T.)



The seminar will take place through the WEBEX platform



Theodore N. Krintas,  
Ph.D., CIIA  
Solon Molho,  
Ph.D. (cndt), CIIA

## Why attend?

According to Traditional Finance, investors are, for the most part, rational "wealth maximizers." This theory says man acts only in a way that maximizes his returns and minimizes his risks. In contrast, Behavioral Finance attempts to understand and explain actual investor behavior versus theories of investor behavior.

Emotion and deeply ingrained biases influence our decisions, causing us to behave in unpredictable or irrational ways. In fact, some may consider it to be predictably irrational. Behavioral finance is a relatively new field that seeks to combine behavioral and cognitive psychological theory with conventional economics and finance to provide explanations for why people make irrational financial decisions.

***This program will benefit all professionals interested in learning how behavioral finance helps to explain the new financial and competitive scenarios in which companies operate, and how it impacts their decision making.***

## Who should attend?

The course is aimed at managers, board members, family business owners, as well as all professionals who interact with them (e.g., asset managers, private and investment bankers, recovery and restructuring managers, bankers and managers in general, and financial planners).

***Investment Decisions and Behavioral Finance is designed for senior decision makers in the investment community.***

Recommended applicants include:

- Investment company presidents
- Chief investment officers
- Investment strategists
- Portfolio and fund managers
- Pension plan executives
- Senior analysts and directors of research
- Senior corporate executives
- High net worth private investors
- Pension fund administrators

Past participants of similar programs and practitioners of behavioral finance should consider attending as the curriculum is updated.



***"I think one of the major results of the psychology of decision making is that people's attitudes and feelings about losses and gains are really not symmetric. So we really feel more pain when we lose \$10,000 than we feel pleasure when we get \$10,000."  
~Daniel Kahneman  
(Nobel 2002)***



## Agenda (analytical)

- Intro to Neoclassical Economics & Expected Utility Theory
- Capital Asset Pricing Model, Misconceptions about Market Efficiency, & Agency Theory
- Prospect Theory, Framing, and Mental Accounting
- Anomalies, Noise Trading, & Limits to Arbitrage
- Heuristics and Biases,
- Overconfidence
- Emotional Foundations
- Implication of Heuristics and Biases for Financial
- Decision-Making
- Do Behavioral Factors Explain Stock Market Puzzles?
- Behavioral Corporate Finance and Managerial Decision Making
- Behavioral Investing and Neurofinance

### Learning outcomes

- Gain an understanding of the major behavioral biases and see their impact on strategic planning as well as financial behavior, decision making and performance
- Analyze how psychological phenomena impact the changing competitive landscape and markets
- Understand how managers, corporate and private customers, as well as institutions think
- Reduce your own vulnerabilities to making suboptimal judgments and inferior financial decisions
- Learn about potential pitfalls of traditional valuation frameworks and how to properly account for the "hidden components" of financial and planning decisions

## Lecturers



**THEODORE  
N. KRINTAS,**  
Ph.D., CIIA

Theodore, is the founder & CEO of the value consulting boutique named Koubaras Ltd. He holds a PhD in Behavioral Finance from the University of Thessaly and is C-level executive working in finance and technology industries since 1991. He is experienced in developing, growing & expanding businesses and enjoys the appreciation of his colleagues and peers. LinkedIn



**SOLON  
MOLHO,**  
Ph.D (cndt),  
CIIA

Solon is currently applying financial analysis and valuation skills in numerous different settings, as educator, expert witness, and freelance professional. He holds a BSc in Mathematics and Economics from the University of Sussex and Postgraduate Studies in Management and Political Sciences. He is currently undergoing a Ph.D. at the University of Athens. LinkedIn

### Information

#### Payment Method

The fees should be deposited to Alpha Bank account number 101-00-2002-046556 or IBAN GR65 0140 1010 1010 0200 2046 556. Please send the deposit slip to the following address  
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