

UNIVERSITY of STIRLING
**Management
School**



REDEFINE

**WITH A
MASTERS**

**MSc BEHAVIOURAL DECISION MAKING
FOR FINANCE**

REDEFINE AT STIRLING

WHY AN MSc BEHAVIOURAL DECISION MAKING FOR FINANCE?

The major players in the financial sector* recognise that behavioural biases can have an impact on financial outcomes. In response to this, investment banks are increasingly adopting strategies informed by behavioural thinking.

With the advent of big data, there's an unprecedented opportunity to uncover winning behavioural investment strategies - but only for the behaviourally-literate.

The MSc Behavioural Science for Finance draws on the combined expertise of Stirling's Accounting and Finance Division, Economics Division and Behavioural Science Centre, to give you the analytical skills you'll need for a successful career in banking, finance and related areas.

The course will cover the core theories in financial decision-making, and in the rapidly growing field of behavioural economics. You'll develop the critical skills to assess investment strategies, product designs and regulations, plus the technical skills to develop and pilot investment strategies.

*Goldman Sachs
Morgan Stanley
Financial Conduct Authority
Federal Reserve



For further information on the course content, visit: stir.ac.uk/1jp



TOP REASONS TO STUDY WITH US

1

Vibrant research environment

and strong external collaborations with the RAND Corporation in Santa Monica and Gallup Europe

2

Strong academic record

the Stirling Behavioural Science Centre is regularly published in leading journals, including The Financial Times and Time Magazine

3

Guest lectures

from leading researchers and policy makers

4

Stirling's global research rating

we're among the top 25 in the UK according to REF 2014

5

Build your global network

study alongside international students across a range of business disciplines

GROWTH AREAS

INVESTMENT STRATEGY

There is increasing volume of research showing behavioural biases in investment strategies. For instance, investors tend to favour stocks on their local exchange, leading to insufficient diversification. They also tend to sell winners and hold on to losers, in a misguided and costly attempt to avoid realising a monetary loss relative to the price they purchased the stock at. These biases result in arbitrage opportunities – they offer situations in which it is possible for an informed investor to buy low and sell high with little risk. While they are costly for the individual investors who make these errors, they offer profitable opportunities to the behaviourally informed. Investment banks and stock broking firms have an interest in uncovering such biases, making behavioural finance an especially rewarding area to specialise in.

PRODUCT DESIGN

Consumers like piece of mind and are willing to pay for it. They do not process risk in the statistical manner that computers do, but rather they experience emotions that make them risk averse. This is one feature of human decision making that it is important to bear in mind when designing financial products. It is also a feature that makes consumer finance an especially lucrative area, because the same product will be more valuable to a consumer when its risk is pooled than when it is standalone. Increasingly, financial product development is turning to consumer psychology for guidance on how to create value for the customer.

FINANCIAL ADVICE

Another important area of psychological bias is decision making over time. Generally, people are present-biased – they value current consumption far more than future consumption. Teaching consumers how to offset this tendency, and helping them to develop a life-cycle financial plan is an increasing service offered by financial advisors.

REGULATION

Consumers are simply incapable of analysing all the information that comes their way on a daily basis. They employ selective attention, but this process is not always correct in its prejudices regarding what merits consideration and what does not. For example, it would be easy for a consumer to miss an important point covered in the small print of a financial arrangement. It is the role of regulators to act in defence of consumers, by drawing attention to information that is relevant to decision making and standardising the presentation of that information so that it is easily digested.



For further information on course content visit: [stir.ac.uk/1jp](https://www.stir.ac.uk/1jp)



CAREER OPPORTUNITIES

The course is designed to equip students to add value anywhere in the financial world. For students with an interest in investment and brokerage, the course offers insight into forecasting and arbitrage opportunities – two areas that allow an investor to stay one step ahead of the market. For those with an interest in consumer financial products, the course will show how to give consumers peace of mind and create value for the firm and consumer

– a win-win. For those who seek to go into personal financial advice, the rich background in theory and applications will help identify the needs of consumers and find the best financial strategy to cater to those needs. For those who wish to help stabilise and regulate the financial system, the course will highlight the vulnerabilities of consumers and of firms in terms of decision making, and give insight into how to mitigate these problems.



All major players in the financial sector - investment banks, financial product developers, regulators - are incorporating behavioural insights into their business strategies. Stirling is unique in offering a core grounding in both behavioural science and finance to put you at the cutting edge.



DR DAVID COMERFORD
Course Director

COURSE STRUCTURE

The MSc Behavioural Decision Making for Finance is a one-year, full-time course with two 15-week semesters, followed by a supervised dissertation.

Semester 1

Flying Start Leadership Programme

Behavioural Economics 1: Concepts and Theories

Provides an advanced introduction to the principles of behavioural economics.

Corporate Finance

Provides an understanding of how corporations raise finance and how they invest money.

Quantitative Methods in Finance

Provides the statistical and computing skills necessary to fully understand modern finance operations.

Semester 2

Business and Finance Applications of Behavioural Science

Generates an understanding of how behavioural principles can be used to inform the creation of successful businesses and organisations.

Evidence-Based Decision Making

Develops understanding of evidence-based decision-making and designing and conducting industry relevant experiments.

Behavioural Finance

Drawing on insights from psychology, this module provides an alternative perspective to traditional finance theory based on rational decision-making.

Empirical Methods of Finance and Accounting

Introduces students to econometrics techniques required to undertake research in finance and to understand empirical papers published in academic journals. It also prepares students for the dissertation module as well as laying the foundations for more advanced postgraduate research.



And one of the following options:

Investments: Equity Portfolio and Pricing

Provides an understanding of equity portfolio management and pricing. Focuses on the valuation of equities and the management of equity portfolios.

Investments: Fixed Income and Alternative Investments

Provides an understanding of security valuation and portfolio management. Focuses on the valuation of both fixed-interest securities and issues around alternative investment products such as hedge funds, fund of funds and venture capital.

International Corporate Finance

In-depth study of corporate finance within an international environment and, in particular, the operation of the foreign exchange market.

Mergers and Acquisitions

Focuses on the financial and economic aspects of M&A activity and other forms of corporate restructuring, such as spin-offs, carve-outs and sell-offs.

Semester 3: Dissertation

POSTGRADUATE STUDY AT STIRLING

ON CAMPUS

Taking advantage of Scotland's outstanding natural scenery, the University of Stirling is an inspiring and peaceful place to study. Postgraduate students can apply for University accommodation and use study areas conducive to working towards successful completion of a Masters degree.

The University offers extensive indoor and outdoor sports facilities, a shopping precinct and arts centre. We have a large team of librarians and IT specialists available for one-to-one guidance with research skills and use of the University's high-tech learning environment. Assistive technologies are available for students with disabilities.

STUDENT AND ALUMNI SUPPORT

The University of Stirling Graduate School will support you in making the most of your time at Stirling – ensuring you develop your skills and, crucially, your employability within a rich academic environment. We have excellent links with major employers in business and industry and our Career Development Centre works closely with students in preparation for the transition to work.

The relationship with students does not stop at graduation. We maintain links with our alumni through international events and social media.

ACCREDITATION AND AFFILIATION

We are a member of the Association of Business Schools; the European Foundation for Management Development; in partnership with the Chartered Management Institute; and are signatories to the Principles for Responsible Management Education.



PREPARING BUSINESS LEADERS OF THE FUTURE

Postgraduate education at the University of Stirling Management School goes beyond textbooks and lecture rooms by also focusing on professional and personal development. Our unique Flying Start Leadership programme, at the beginning of the academic year, equips students with the awareness, knowledge and techniques essential for building a successful career. These range from practical skills, like effective public speaking, to developing ways to work under pressure in difficult situations and manage conflict.





ENTRY REQUIREMENTS

You'll need a minimum of a second class Honours degree in any subject, or an equivalent qualification. However, you can still apply if you don't have these formal qualifications, but bring significant work experience in a relevant area.

For details of English language requirements for this course, visit: stir.ac.uk/3f

FEES, FUNDING AND SCHOLARSHIPS

The University of Stirling Management School is committed to investing in academically talented students. There are various categories of funding available to support the cost of your studies at the University of Stirling.

Information about scholarships and funding may be found at: stir.ac.uk/1j5

CONTACT INFORMATION

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