BEHAVIOURAL FINANCE



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GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

Introduction

Behavioural Finance Training Course explains why markets and investors behave in ways that standard finance theory cannot explain. Efficient market assumptions and rational investor models work well in textbooks but poorly when fear, overconfidence, and herd behaviour drive real prices. This course builds both the theory and its practical application. It covers cognitive biases, prospect theory, and heuristics. Furthermore, it applies behavioural portfolio theory, market anomalies, sentiment analysis, and investor behaviour models. In addition, it develops behavioural risk management and advisory practice. As a result, participants interpret markets and advise clients with awareness of how people actually decide.

Behavioural Finance Course Objectives

- Explain how behavioural finance differs from traditional finance theory.
- Apply the dual-system model of thinking to investment decisions.
- Identify cognitive biases affecting investors and markets.
- Apply prospect theory to risk perception and loss behaviour.
- Analyse market anomalies including bubbles, momentum, and herding.
- Apply behavioural portfolio theory and biased portfolio construction.
- Assess investor risk tolerance and behavioural profiling methods.
- Apply sentiment indicators and market psychology analysis.
- Design advisory approaches that correct behavioural errors.
- Manage behavioural risk in investment and corporate finance decisions.

Course Methodology

- Interactive lectures with real market and investor behaviour cases.
- Bias identification and diagnostic workshops.

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- Behavioural portfolio and anomaly analysis exercises.
- Investor profiling and advisory simulation practice.
- Structured peer review with facilitator feedback on behavioural assessments.

Who Should Take This Course

- Investment analysts and portfolio managers.
- Private bankers and wealth advisers.
- Risk managers in financial institutions.
- Corporate finance and treasury professionals.
- Financial planners and advisers.
- Compliance and investor protection professionals.

Behavioural Finance Course Outlines

Day 1: Foundations of Behavioural Finance

- Traditional finance assumptions and their limits.
- Efficient market hypothesis and its challenges.
- Bounded rationality and satisficing behaviour.
- The dual-system model: intuitive and reflective thinking.
- Heuristics and their role in financial judgements.
- Emergence and scope of behavioural finance.
- Case study: explaining a market event through behavioural lenses.

Day 2: Cognitive Biases and Prospect Theory

- Overconfidence, optimism, and illusion of control.

- Anchoring, availability, and representativeness.
- Confirmation bias and belief perseverance.
- Loss aversion and the disposition effect.
- Reference dependence and mental accounting.
- Framing effects in financial choices.
- Workshop: identifying biases in an investment process.

Day 3: Market Anomalies and Investor Behaviour

- Bubbles, crashes, and speculative behaviour.
- Momentum, reversal, and seasonality effects.
- Herding behaviour and information cascades.
- Home bias and familiarity effects.
- Sentiment indicators and market psychology measures.
- Limits to arbitrage and mispricing persistence.
- Workshop: analysing a market anomaly and its drivers.

Day 4: Behavioural Portfolio and Risk Management

- Behavioural portfolio theory and layered portfolios.
- Biased asset allocation and trading behaviour.
- Investor risk tolerance assessment methods.
- Behavioural profiling and client segmentation.
- Behavioural risk in corporate finance decisions.
- Debiasing techniques and decision process design.
- Workshop: building a behavioural investor profile.

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Day 5: Advisory Practice and Investor Protection

- Designing advice that corrects behavioural errors.
- Communication strategies for volatile markets.
- Nudging clients toward sound long-term behaviour.
- Responsible practice, suitability, and disclosure.
- Regulatory expectations on investor protection.
- Building a behavioural advisory framework.
- Course review, assessment, and action planning.

Conclusion

By successfully completing Behavioural Finance, participants will gain a thorough understanding of behavioural finance foundations, cognitive biases and prospect theory, market anomalies and investor behaviour, behavioural portfolio and risk management, and advisory practice and investor protection. They will also acquire practical skills in bias identification and behavioural diagnosis, market anomaly and investor behaviour analysis, behavioural portfolio and risk management, and behavioural advisory design and investor protection. In addition, the course prepares them to interpret markets and advise clients with awareness of real decision behaviour. Gentex Training Center delivers this programme with a strong focus on applied behavioural analysis and evidence-based advisory practice.

FAQs for Behavioural Finance course

Q1 What is the "Behavioural Finance" course about?

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It is a five-day programme on how psychology shapes financial decisions and markets. It covers behavioural finance foundations, cognitive biases and prospect theory, market anomalies and investor behaviour, behavioural portfolio and risk management, and advisory practice and investor protection.

Q2 What are the key benefits of the "Behavioural Finance" course?

Participants explain market behaviour that standard theory leaves unexplained and advise clients more realistically. The course improves bias recognition in investment processes, sharpens risk tolerance assessment and profiling, strengthens advisory communication in volatile markets, and raises compliance quality in suitability and disclosure.

Q3 What skills will I gain from the "Behavioural Finance" course?

Participants gain bias identification and behavioural diagnosis, market anomaly and investor behaviour analysis, behavioural portfolio and risk management, and behavioural advisory design and investor protection. These four skills cover the practical core of behavioural finance.

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Q4 What tools, methods, or standards are covered in the "Behavioural Finance" course?

The course covers the efficient market hypothesis and its challenges, bounded rationality and satisficing, the dual-system model of thinking, heuristics in financial judgement, overconfidence and illusion of control, anchoring, availability and representativeness, confirmation bias and belief perseverance, loss aversion and the disposition effect, reference dependence and mental accounting, framing effects, bubbles and crashes, momentum and reversal effects, herding and information cascades, home bias and familiarity effects, sentiment indicators and market psychology measures, limits to arbitrage, behavioural portfolio theory and layered portfolios, biased asset allocation analysis, investor risk tolerance assessment methods, behavioural profiling and client segmentation, behavioural risk in corporate finance, debiasing techniques, advice design for behavioural correction, communication strategies for volatile markets, nudging for long-term behaviour, suitability and disclosure standards, and regulatory expectations on investor protection.

Q5 How is the "Behavioural Finance" course applied in real-world practice?

Participants apply the methods to their own analysis and advisory work. They diagnose biases in investment processes, analyse market anomalies and sentiment, assess investor risk tolerance, build behavioural profiles, design communication for volatile periods, apply debiasing techniques, and structure compliant advisory frameworks. Many leave with a bias diagnostic checklist, a behavioural profiling template, and an advisory framework structure ready to use.