

UGBA 137.2 – Spring 2022
Capstone Course on Research in Behavioral Economics & Finance

Mo, 10AM-12:00PM (2 Units)
N440/444 Chou Hall
Instructor: Ulrike Malmendier, *Edward J. and Mollie Arnold Professor of Finance at the Haas School of Business and Professor of Economics at the Department of Economics*



This class is designed for advanced students who would like to put their analytical and econometric training to work in exploring recent findings in behavioral economics and behavioral finance research. The class will be most useful for students who are either targeting jobs in finance, tech, or other industries with an advanced analytical component, or are considering graduate school (Ph.D. or MFE).

UC Berkeley is the leading hub for behavioral finance and behavioral economics research worldwide. The main objective of the course is to give students a taste of the type of cutting-edge research pursued at Berkeley, actively engage students in a related data- or theory-based project, and hone analytical & presentation skills beyond the level usually required in undergraduate business classes.

The course introduces students to various recent research themes, including managerial biases, overconfidence, and experience effects, typically in finance settings (M&A, corporate investment, stock-market investment, household finance decisions). We will spend some time on the foundations in neuroscience and social psychology. The course culminates in a capstone project, in which students will work on an application of behavioral concepts to a data source of their choice, or pursue theoretical and foundational work on conceptualizing novel findings. Time will be given in most class meetings to meet in groups to work on your project and discuss with the professor progress, ideas, and issues.

Required Prerequisite:

Upper-division microeconomics or finance:

- One from this group: UGBA 101A, Econ 100A, EnvEcon 100, IAS 106
- OR UGBA 103

Strongly recommended:

Training in econometrics (e.g., Econ 140 or 141)

Training in financial economics (UGBA 104, Econ 138)

About the Instructor:

Ulrike Malmendier is one of the top financial scholars in academia. In 2013, she won the prestigious Fischer Black Prize from the American Finance Association for the best finance researcher under 40 in 2013, which noted the originality and creativity of her research in corporate finance, behavioral economics and finance, contract theory, and the history of the firm. She has been teaching at UC Berkeley since 2006 and holds joint professorships at the Haas School of Business (in Finance) and at the Department of Economics, where she is the founding co-chair of the Initiative in Behavioral Finance and Economics.



Malmendier's research lies in the intersection of economics and finance, and specifically how individuals make mistakes and systematically biased decisions. Her work includes research on CEO overconfidence, the long-term frugality of "Depression babies", and the decision-making behind gym membership. She has recently been interested in the impact of economic shocks, such as high inflation or unemployment, on later economic behavior of individuals who lived through these periods.

Malmendier was elected Fellow of the Econometric Society in 2021 and inducted to the American Academy of Arts and Sciences in 2016. Her numerous honors and prizes include a Guggenheim Fellowship, the Alfred P. Sloan Research Fellowship and the Bessel Prize of the Alexander von Humboldt Foundation. Her research has been honored several times with the Citation of Excellence by Emerald Management Reviews, including for her work on CEO overconfidence and financial expertise of directors. She also received the Fordham/NYU "Rising Star in Finance" award in 2012. She is a founding board member of AFFECT, the AFA's American Female Finance Committee, a member of various academic boards, and is frequently asked to give keynote addresses. She is a founder and co-organizer of BEAM and SITE Psychology & Economics, the leading conferences in Behavioral Economics. Malmendier received her PhD in Business Economics from Harvard University in 2002, and her PhD in Law from the University of Bonn in 2000.