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The rise of behavioural economics

How are financial decisions actually made?

In recent years, behavioural economics has revolutionised the understanding of how financial decisions are made. Comprehending human behaviour, rather than assuming perfectly rational decisionmaking, is essential when considering how investors make portfolio choices.

The innovative Italian bank Fineco therefore requested a course focusing on behavioural finance and investment decisions with which to reward its most strongly performing financial consultants.

LSE Custom Programmes created a two-day programme on ‘Portfolio Management and Behavioural Finance’ for 31 participants, taught by faculty from the Department of Economics, with simultaneous interpretation into Italian.

Following an overview and history of portfolio theory, the participants explored the assumptions of rational economics that underpin it, and behavioural anomalies inconsistent with it. They examined attitudes towards risk and how people actually choose portfolios – as opposed to how rational economic theory predicts they will.

The participants returned to Italy with a wider perspective on their profession and new insights to enhance their portfolio management work more broadly.

Client feedback

‘The course was a success, highly appreciated by Fineco’s top management. LSE’s particular strengths included independent perspectives on relevant topics, a personalised approach, and an excellent interaction between the lead academic and the course participants.’

At a glance

Participants: 31

Participant role: financial consultants

Duration: 2 days

Location: London