Content

Course Code	Course Name	Semester	Theory	Practice	Lab	Credit	ECTS
ECON423	Behavioral Economics	7	3	0	0	3	6

Prerequisites	
Admission Requirements	

Language of Instruction	English
Course Type	Elective
Course Level	Bachelor Degree
Objective	The course aims to drive a perspective beyond classical economic theories to examine the psychological, cognitive, and social factors shaping real-world decisions of individuals and markets, and to understand decision-making processes under certainty, risk, and uncertainty through a behavioral perspective.
Content	Introduction: Origins and methods of behavioral economics. Chapter I (Choice under Certainty): Preferences, rationality, indifference, utility, opportunity cost, sunk costs, loss aversion, and anchoring and adjustment. Chapter II (Judgement under Risk and Uncertainty): Fundamentals of probability theory, conditional probability, Bayes' rule, and cognitive heuristics/fallacies (gambler's fallacy, base-rate neglect, confirmation bias, availability, overconfidence). Chapter III (Choice under Risk and Uncertainty): Expected value, expected utility, attitudes towards risk, framing effects, mental accounting, and probability weighting. Chapter IV (Intertemporal Choice): Interest rates, exponential and hyperbolic discounting, misprediction and miswanting. Chapter V (Strategic Interaction): Social preferences, intentions, reciprocity, trust, and limited strategic thinking. Chapter VI Behavioral insights in public policies (nudges and ethics).
References	Agner, Erik (2016), A course in Behavioral Economics, Second Edition, Palgrave Macmillan. Thaler, Richard H and Ganser, LJ (2015), Misbehaving : The making of behavioral economics, WW Norton New York. Wilkinson, Nick and Klaes, Matthias (2012), An introduction to behavioral economics, Macmillan International Higher Education.

Theory Topics

Week	Weekly Contents
1	General Introduction: The origins and methods of behavioral economics
2	Beyond Homo Economicus: Bounded rationality and judgment heuristics
3	Choice under Certainty: Preferences, rationality, and indifference
4	Choice under Certainty: Opportunity costs, sunk costs, and loss aversion
5	Judgment under Risk and Uncertainty: Fundamentals of probability, Bayes' rule, and cognitive fallacies (gambler's fallacy, base-rate neglect)
6	Judgment under Risk and Uncertainty: Availability heuristics, overconfidence, and framing effects
7	Mid-term examinations
8	Choice under Risk and Uncertainty: Expected value, expected utility, and attitudes towards risk
9	Choice under Risk and Uncertainty: Choice anomalies (Allais and Ellsberg paradoxes, probability weighting)
10	Intertemporal Choice: Interest rates, exponential discounting, and its limitations

Week	Weekly Contents
11	Intertemporal Choice: Hyperbolic discounting, temporal myopia, misprediction, and miswanting
12	Social Interactions and social preferences (altruism, inequity aversion)
13	Social Interactions: Intentions, reciprocity, trust, and limited strategic thinking
14	Behavioral insights in public policies (nudges and ethics)