

Behavioural finance case study

[Business](#)



Case Study on Behavioural Finance:

Behavioural finance is the branch of economics which dwells on the psychological theories aimed at the research of the problem sounding why people make errors in the sphere of the financial decision making.

The problem is extremely urgent, because in spite of understanding the consequences of the wrong decisions many businessmen make serious mistakes leading to bankrupting and crises of the firm. Behavioural finance is closely connected with risk management and main task of the theory is to understand the logic of managers and executives who make serious mistakes being aware that their decision is wrong and the percentage of the possible success is very low. Most often businessmen think that their risk is wise and it can provide them with the enormous profit. Moreover, without the risk there is no way of the further development of the company. Finally, the manager's disability to evaluate the risk objectively leads to the financial failure which often finishes with bankrupting. The majority of the executives and decision making bodies simply feel too self-confident believing that nothing bad can happen to them.

This fact is easily explained with the help of psychology and the branch of behavioural finance has become more popular nowadays, as the frequency of the wrong decisions has increased. Behavioural finance pays attention not only to the activity of the executives and managers of the firm but also to the decision of the investors who make their mind to invest their money into the development of the certain company with the purpose of making money. The wrong decision of the investor causes harm to both the company and

the investor himself. Behavioural finance is an interesting topic for the research, because the student receives the opportunity to conduct serious research combining the knowledge of two completely different disciplines – economics and psychology. The purpose of writing is to research the definite case connected with the insensible financial decisions which have caused economic crises or bankrupting.

The student should observe the case from all sides trying to accumulate information about the company and its executives analyzing the cause and effect of the wrong financial decisions. The student's duty is to solve the problem wisely and draw the right conclusions on the application of behavioural finance on practice. Nearly every student has troubles with the composition of the serious college and university papers, so the Internet becomes useful helper for everyone who requires a quality hint or advice for writing. One can read a free example case study on behavioural finance written by the experienced writer and learn about the appropriate organization of the paper. It is a plus to take advantage of a free sample case study on behavioural finance designed online for the improvement of the student's knowledge and skills.