



Sungkyunkwan University (SKKU) International Summer Semester (ISS) 2024

Psychology of FinTech

Prof. Andy KIM, SKKU Business School

MidTerm Movie Review [35%]

Final Exam [45%]; No Project

- 80% Multiple Choice Questions
- 20% Short Answer Questions
- Semi-open book: 4 pages of cheat sheets allowed

Class code: ISS 3275

Class hour: TBD (almost every weekday)

Classroom: TBD International Hall

Email: ayhkim@skku.edu

Office: Business School 422

Office Hour: always open for email questions

Class webpage: iCampus site & make sure you create an account at Google Drive and **email me**

My Google Site: <https://sites.google.com/site/andyhankim/>

My YouTube Channel: <https://www.youtube.com/channel/UCCjFS5IOEXoIqn8nOgHpJRA>

SHORT COURSE DESCRIPTION

The course is about “**Investor PSY-chology and CEO psychology.**” Did you know that you could make money by watching World Cup Soccer Games? Also, you will be surprised to see PSY, the rapper of “Gangnam Style,” once triggered a stock price bubble of his father’s company as his YouTube music video got viral around the globe. Neoclassical economists have largely ignored the sentiment and emotion of the investors, but behavioral economists have found that these have significant impact on bubbles and crashes of financial markets. Also, behavioral economists have found that the psychological traits of the CEOs and leaders play an important role in determining the strategic direction of the companies like M&A. The advancement of technologies like Big Data and Machine Learning enabled the behavioral economists to challenge the dogma of neoclassical economists, and such technologies are widely adopted in FinTech as well!

FinTech [Finance + Technology] is a buzzword about the on-going disruptive innovation in financial industry. The key to FinTech service is that it has to be intuitive and psychologically appealing to the consumers and investors. Hence, in this course, you will enhance the understanding in psychology of financial market in the context of FinTech, and we will also learn about economic analysis of FinTech related issues.

We will spend the first half of the semester in learning about investor psychology and the remaining part about CEO psychology. FinTech would be mixed up every now and then as we learn about technical aspects of the study. In a sense, there is nothing new in FinTech, because bankers have always been fighting to obtain information faster with the state-of-the-art information technology in their generations to beat the competition anyway. Those techniques like measuring market sentiment using Big Data/ChatGPT is frequently used in such areas as robo-advisor or robo-analyst. We will also cover such topics as block chain as we see a series of crashes in crypto currency market, like Terra/LUNA and FTX. Then we will also learn about Flash Bank Runs as in SVB and its implication for Deposit Insurance.

READING MATERIALS

I will upload PowerPoint Slides (PDF format) and materials in the following Google Drive

<https://drive.google.com/drive/folders/1jy9W1wED8WEvSBi1iUdqC5dwStWY7LT4?usp=sharing>

Reference eBook: Not a must.

For Korean students: My e-Book is available! “부자, 관상, 기술” 김영한 (2021) 쌤앤파커스

<https://digital.kyobobook.co.kr/digital/ebook/ebookDetail.ink?selectedLargeCategory=001&barcode=4801165344314&orderClick=LEH&Kc=>

COURSE REQUIREMENTS AND GRADING

Course Assessment

Midterm Movie Review	35%
Final Exam	45%
Attendance	10%
Participation	10%
Total	100%

All ISS classes are pass/fail based on the student academic achievement evaluated by grades on a scale of 100 points (grade of 60 or above is Pass). **SKKU regulations require students to attend at least 80% of all classes.** Academic dishonesty is strictly forbidden and would trigger disciplinary actions both in SKKU in your home institution.

The overall distribution of grades remains the sole authority of the instructor. Once the final course grades are posted on the GLS system, they are final. Never ask for a higher grade! Such solicitation may result in punishment (lower grade!) because the person is asking for favoritism, sacrificing his/her friends & neighbors. Besides, the Kim Young-Nan law 2016 forbids such solicitation.

Movie Review [35%]

You are supposed to write a three-to-four-page essay on a finance movie that I will assign later. I will also ask some specific questions related to the movie. Double space, 12-font, A4 sized paper, MS Word file. Send me via email. ayhkim@skku.edu

Final Exam [45%]

In case offline exam is possible: closed book! You need a calculator, but no telecommunication device (cell phone). In case of online exam: rather it would be more of essay based 24-hour take-home exam.

Calculator Policy:

I encourage you to use financial calculators, such as Texas Instrument BA2-Plus. This is the calculator allowed in CFA exams anyway, so it's good to familiarize yourself from now! BTW, CFA (Level 1) is well worth taking it as long as you take this class or any finance classes.

Attendance [10%]

Come to offline class! 100% offline!

Participation [10%]

Tentative Class Schedule [it may change!!!]

Week	Class	dates	Topics covered
1	1	2024-07-01	FinTech and AI in Finance: R U Ready???
1	2	2024-07-02	Why do we care about Efficient Market Hypothesis?
1	3	2024-07-03	Red Flavor! Psychology of color and Momentum Trading
1	4	2024-07-04	Warren Buffet vs Eugene Fama: Value Investing vs EMH Investor PSY-chology surrounding "Gangnam Style" - Why are you here Dr. Fama?
2	5	2024-07-08	High Frequency Trading & Robots in Finance Short Selling and Noise Trader Risk
2	6	2024-07-09	GameStop, Volkswagen + Porsche – Short Squeeze Covid19 and stock market participation of individual investors
2	7	2024-07-10	- Prospect Theory vs Expected Utility
2	8	2024-07-11	Sports sentiment and stock price- how to quantify crowd psychology
3	9	2024-07-15	⇒ Midterm Movie Review Due! Elon Musk, the Doge Father: Narcissistic or Overconfident?
3	10	2024-07-16	Biometric data: "Your hand tells much about your risk preference!"
3	11	2024-07-17	Biometric data: The Face of Risk - NAVER vs KAKAO
3	12	2024-07-18	Satellite alternative data: InsurTech, RegTech, Microfinance, and ESG
3	13	2024-07-22	Block Chain and Crypto Currency: FTX, Terra/LUNA, CBDC
4	14	2024-07-23	Flash Bank Run & Flash Rescue – Deposit Insurance in FinTech era
4	15	2024-07-24	Final Exam