

# Household Finance

MA ECON AM FIE HOUSEFIN



## Content and learning outcomes

**Content**  
The course gives an introduction to the field of household finance, which covers the use and management of financial instruments by individuals. Financial decisions are among the most important, but also the most complex problems private households face. The course will allow students to understand the main concepts, challenges, and tools of households' financial management and enable them to critically assess the quality of financial products and services in the market. Topics include both savings behavior (including investment decisions and retirement planning) as well as credit decisions of consumers, highlighting several influencing variables such as experience, abilities and financial literacy, cultural background, and other personal characteristics. We will examine how households approach these important decisions, what mistakes they make and which solutions have been discovered and tested so far. Finally, the interaction of the consumer with his peers and financial intermediaries such as advisors will be discussed.

**Learning outcome**  
The course aims are at giving students an overview of the research field of household finance both with regards to current research topics and methodology used. After the course, students should be able to compare traditional and behavioral models in terms of their assumptions about human (financial) decision making.

## Teaching and learning methods

Type of course/ learning methods	Topic	Language of instruction	Group size	Contact time	Workload [h]
Lecture	Household Finance	English	30	4 hours	60
Self-study					165

## Prerequisites

**obligatory** none

**recommended** Basic Module *Finance*

## Degree program allocation

Study Program/Study Field/Module Number/Lecture Number	obligatory/ elective	Semester
Economics (M.Sc.)/Financial Economics/332124032/332024032	elective	2 <sup>nd</sup>
Export*/332192432/332024032		

## Requirements for the awarding of credit points (ECTS)

		Credits
<b>Prerequisites for participation</b>	none	7,5 CP
<b>Types of Assessment</b>	Written or oral exam or term paper (graded, 100%)	
<b>Examination language</b>	English	

Course Cycle	Workload	Duration
Winter term <input type="checkbox"/> Winter and Summer term <input checked="" type="checkbox"/> Summer term <input type="checkbox"/>	225 h	1 Term

## Module coordination

**Teaching person** See <https://basis.uni-bonn.de>

**Module coordinator** Prof. Dr. Hendrik Hakenes

**Institute/Department** Department of Economics

\* export into other study programs is only possible if contract between faculties exists

Further Information	
<b>Literature</b>	<p><b>Barberis, Nicholas, and Richard Thaler (2003):</b> "A survey of behavioral finance", in Handbook of the Economics of Finance, Chapter 18, pp. 1053-1128</p> <p><b>Campbell, J. Y.</b> (2006). Household Finance. The Journal of Finance, 61(4), 1553-1604.</p> <p><b>Beshears, J., J.J. Choi, Laibson, D., Madrian, B.,</b> (2018). Behavioral Household Finance, Handbook of Behavioral Economics</p> <p><b>Gomez, F., M. Haliassos, T. Ramodarai,</b> (2020). Household Finance, Journal of Economic Literature</p> <p>Watch Daniel Kahneman (recipient of the Nobel Memorial Prize in Economic Sciences) on "Why We Make Bad Decisions About Money (And What We Can Do About It)": <a href="https://www.youtube.com/watch?v=Kpev-Lb0EAg">https://www.youtube.com/watch?v=Kpev-Lb0EAg</a></p>