



# BEHAVIOURAL FINANCE: MANAGING CLIENTS' BIASES FOR BETTER INVESTMENT DECISIONS

IBF Standards – Private Banking and Wealth Management

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8 IBF-STC TRAINING HOURS

To organise a tailored session for your organization, please contact us at [email@salmonthrust.com](mailto:email@salmonthrust.com)

Financial literacy and behavioural biases are critical factors affecting the financial decisions and behaviours of investors. Mainstream finance theory is based on two fundamental assumptions: “Individuals make rational decisions” and “individuals are without prejudice in forecasting the future.” However, research has shown that these assumptions may be flawed. Behavioural finance is a field that has emerged as an attempt to understand how emotions and cognitive errors affect the decision-making processes of investors.

This course identifies and explains the effect of behavioural and emotional biases on investor’s investment decisions. It then develops various approaches to mitigate the effects of emotional and behavioural biases on investment policy and asset allocation decisions. We then turn to the concept of bounded rationality and evaluate its effects on investment decisions. A method to understand investor behaviour is to classify them according to personality types. We examine the advantages and disadvantages of the various classification approaches. To wrap up, we look at how to use behavioural finance to improve the adviser-client relationship to ease the process of helping investors make better investment decisions.

## TARGET AUDIENCE

- Relationship Managers in Private Banking

## LEARNING OUTCOMES

- Monitoring the effect of behavioural and emotional biases on investment decisions
- Develop approaches to mitigate the effects of behavioural biases on investment policy and asset allocation decisions
- Evaluate effects of bounded rationality on decision-making
- Classify investors according to personality types
- Advantages and disadvantages of various classification approaches
- Using Behavioural Finance to Improve the Adviser–Client Relationship

## COURSE OUTLINE

### Part 1: The effect of behavioural and emotional biases on investment decisions

- Types of behavioural biases
- Impact on investment decisions

### Part 2: Investment policy and asset allocation: How to mitigate behavioural biases

- Investment Policies & Asset Allocation
- The impact of behavioural biases
- Methods to mitigate behavioural biases

### Part 3: Bounded rationality and its impact on decision making

- Bounded rationality
- Cognitive errors
- Effect on the decision-making process

### Part 4: Investor classification based on personality types: advantages and disadvantages

### Part 5: Using Behavioural Finance to Improve the Adviser–Client Relationship

- Establishing the relationship
- Profiling the client
- Making recommendations
- Evaluating performance and renewing the relationship

### Part 6: Summary

### Assessment - MCQ

## IBF STANDARDS

This course is designed to meet the following Technical Skills and Competencies (TSCs) in Skills Framework for Financial Services:



This programme has been accredited by The Institute of Banking and Finance (IBF) under the IBF Standards.

**Industry Segment** Private Banking and Wealth Management  
**Job Role** Relationship Managers

**Technical Skills and Competencies (TSCs) and Proficiency Level**  
E2. Behavioural Finance – Level 4

### IBF-STTS

This programme has been accredited under the IBF Standards, and is eligible for funding under the IBF Standards Training Scheme (IBF-STTS), subject to all eligibility criteria being met. Candidates are advised to assess the suitability of the programme and its relevance to participants' business activities or job roles.

Find out more on [www.ibf.org.sg](http://www.ibf.org.sg).

### About IBF Certification

Participants are encouraged to access the [IBF MySkills Portfolio](#) to track their training progress and skills acquisition against the Skills Framework for Financial Services. You can apply for IBF Certification after fulfilling the required number of Technical Skills and Competencies (TSCs) for the selected job role.

Find out more about IBF certification and the application process [here](#).

### ABOUT THE IBF STANDARDS

The IBF Standards are a set of competency standards for financial skills. These Standards are developed in partnership with industry leaders and provide a professional development and skills roadmap for financial sector practitioners to excel in their respective job roles. They currently cover 12 industry segments in the financial sector.

### About the Institute of Banking and Finance Singapore

The Institute of Banking and Finance Singapore (IBF) is the national accreditation and certification agency for financial industry competency in Singapore under the IBF Standards. Find out more on [www.ibf.org.sg](http://www.ibf.org.sg).

## ABOUT SALMON THRUST

Founded in 2004, Salmon Thrust is committed to delivering real-world banking and financial training to professionals working in banks, corporates, government agencies, and other financial institutions.

Based in Singapore, we offer our clients in the region a broad range of up-to-date financial topics, delivered via classroom training and e-learning. Our courses range from foundational programmes for new entrants, right through to the most complex and current topics in the industry.

At Salmon Thrust, we are attentive to our clients' diverse learning needs. We identify relevant courses to bridge the learning and skill gaps, empowering our clients to make better decisions and bring real value to both their customers and organisations.

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