

EF4485: EXPERIMENTAL METHODS IN ECONOMICS/FINANCE

Effective Term

Semester A 2022/23

Part I Course Overview

Course Title

Experimental Methods in Economics/Finance

Subject Code

EF - Economics and Finance

Course Number

4485

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

B1, B2, B3, B4 - Bachelor's Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

EF3440Microeconomics for Business Strategy OR
EF3442Intermediate Microeconomics

Precursors

Nil

Equivalent Courses

Nil

Exclusive Courses

Nil

Part II Course Details

Abstract

This course aims to provide students with: A solid understanding of the main principles and methodology of experimental economics/finance through discovery-based teaching and learning. A review of a selection of major subject areas that have been addressed by laboratory experiments, so as to familiarize students with the design of these typical experiments and their key results. Applied knowledge and techniques to design and conduct laboratory experiments in economics and finance. A guide to critically think about economics from the perspective of an empirical science. Key topics include the role of information in price formation in markets, auctions, role of fairness norms in bargaining, common resource utilization, and issues of coordinating behaviour. Students will get the chance to not only participate in many classroom-based experiments, but also design and carry out their own experiments after mastering the main principles of experimental economics.

Course Intended Learning Outcomes (CILOs)

	CILOs	Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	interpret the principles and methodology of experimental economics & finance	10	x	x	x
2	explore and explain the rationale of the techniques of designing and conducting experiments in economics and finance	20	x	x	x
3	comprehend the design of a range of experiments in selected areas, such as market institutions, bargaining, coordination, public goods, information, asset markets and auctions	20	x	x	x
4	build the methodological connections between theory and experimental findings	20	x	x	x
5	design and conduct simple laboratory experiments in economics and finance	30	x	x	x

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

Teaching and Learning Activities (TLAs)

	TLAs	Brief Description	CILO No.	Hours/week (if applicable)
1	Lectures		1, 2, 3, 4, 5	3 hours/week
2	Group project and presentation	This allows students to apply theories and experiment design techniques in the real world.	5	

Assessment Tasks / Activities (ATs)

ATs		CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	Experiment research project and presentation	5	40	Design and conduct an experiment
2	Class Participation	2	10	Proactively learn the techniques of conducting experiment by participating
3	Assignments	4	10	

Continuous Assessment (%)

60

Examination (%)

40

Examination Duration (Hours)

2

Assessment Rubrics (AR)**Assessment Task**

Experiment research project and presentation

Criterion

Creativity in Experiment Design, Writing and Data Analysis , Presentation

Excellent (A+, A, A-)

Outstanding Creativity in Experiment Design, Excellent Writing and Data Analysis, Outstanding Presentation

Good (B+, B, B-)

Good Creativity in Experiment Design, Good Writing and Data Analysis, Good Presentation

Fair (C+, C, C-)

Average Creativity in Experiment Design, Average Writing and Data Analysis, Average Presentation

Marginal (D)

Low Creativity in Experiment Design, Marginal Writing and Data Analysis, Marginal Presentation

Failure (F)

Poor Creativity in Experiment Design, Poor Writing and Data Analysis, Poor Presentation

Assessment Task

Class Participation

Criterion

By Participation

Assessment Task

Assignments

Criterion

Understanding of key concepts covered by the course

Excellent (A+, A, A-)

Excellent Understanding of key concepts covered by the course

Good (B+, B, B-)

Good Understanding of key concepts covered by the course

Fair (C+, C, C-)

Average Understanding of key concepts covered by the course

Marginal (D)

Marginal Understanding of key concepts covered by the course

Failure (F)

Poor Understanding of key concepts covered by the course

Assessment Task

Final Examination

Criterion

Understanding of key concepts covered by the course

Excellent (A+, A, A-)

Excellent Understanding of key concepts covered by the course

Good (B+, B, B-)

Good Understanding of key concepts covered by the course

Fair (C+, C, C-)

Average Understanding of key concepts covered by the course

Marginal (D)

Marginal Understanding of key concepts covered by the course

Failure (F)

Poor Understanding of key concepts covered by the course

Part III Other Information

Keyword Syllabus

Methodology of Experimental Economics. Market Experiments. Bargaining Experiments. Coordination Games. Public Goods. Information Experiments. Asset Markets Experiments. Auctions.

Reading List

Compulsory Readings

Title	
1	Charles Holt, Markets, Games and Strategic Behavior, current edition, Pearson.
2	Lucy Ackert and Richard Deaves, Behavioral Finance: Psychology, Decision-Making, and Markets Strategy, current edition, South-Western Pub.

Additional Readings

Title	
1	Camerer, C., Behavioral game theory, current edition, New Age International.
2	Davis, D. D., Experimental economics, current edition, Princeton university press.
3	Friedman, D., & Sunder, S., Experimental Methods: A Primer for Economists, current edition, Cambridge University Press.
4	Joel Watson, Strategy: An Introduction to Game Theory, current edition, W. W. Norton &Co.
5	Kagel, J. H., & Roth, A. E, The handbook of experimental economics, current edition, Princeton University Press.