



Sungkyunkwan University (SKKU) International Summer Semester (ISS) 2022

# Psychology of FinTech

Prof. Andy KIM, SKKU Business School

Email: [ayhkim@skku.edu](mailto:ayhkim@skku.edu)

Phone: 02-760-0622

Office: Business School 422

Office Hour: TBD (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/UCCjFSSIOEXoIqn8nOgHpJRA>

## SHORT COURSE DESCRIPTION

---

Welcome to one of the most fun classes in SKKU! It's about psychology in finance and how it is incorporated in FinTech.

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 to the consumers and investors. Hence we need to first strengthen our understanding of psychology, i.e. Behavioral Finance. Unfortunately, until now, the practitioners in banking and the economists in finance have been largely ignoring Psychology and they have been hung up on mathematics and engineering. In contrast, engineers in computer science have paid much more attention to human psychology as a way of improving Human-Computer Interaction as in MIT Media Lab. They recently built up a discipline called Social Signal Processing, in which researchers digitally analyze human behavior and social cues like facial expression and voice pitch using Big Data and Alternative Data. This is precisely what this course is about. Enhancing your understanding in psychology of financial market in the context of FinTech.

We will spend the first half of the semester in learning about behavioral finance and the remaining part in learning about FinTech. In a sense, there is nothing new in FinTech, which is the combination of the words, Finance and Technology, 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. Those techniques like measuring market sentiment using Big Data is frequently used in such areas as robo-advisor or robo-analyst. We will also cover such topics as crowd funding and block chain.

**Prerequisites!!! At least one course in finance, like Financial Management or Investment, and one course in economics.**

## READING MATERIALS

---

NO TEXTBOOK!!!

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

[https://drive.google.com/drive/folders/1GiCMu\\_poOqaq3bWj206LUIpxrqZpEqKh?usp=sharing](https://drive.google.com/drive/folders/1GiCMu_poOqaq3bWj206LUIpxrqZpEqKh?usp=sharing)

**Reference eBook:** if you so desire a book, you can read the following. **Not** a must.

Vincent Quesada, 2017, When Tech Meets Finance ISBN: 9781976320538

Pranay Gupta, Mandy Tham, 2018, Fintech: The New DNA of Financial Services ISBN: 978-

1547417087, <https://www.amazon.com/Fintech-New-DNA-Financial-Services/dp/1547417080>

**Class format:** due to Covid19, I will pre-record and upload on the iCampus (and perhaps on YouTube).

Guest speakers will do real-time WebEx/Zoom based meeting in the evening of Monday, Tuesday, or Wednesday depending on the availability of the speakers of the industry [primarily Tuesday, because it is the day of our class anyway]. I will record the video and upload to share with you guys on i-Campus or YouTube, so don't worry if you have to miss it. I will open the real time guest speech to all the GBA students. You are encouraged to participate and do some Q&A's. This is your great chance to let yourself known to the real world industry experts and look for internship opportunities! Email me your questions to the speakers if you have to miss the speech. Participation grade will go up if you give productive questions. As long as you send me email with some questions to the

speakers, I will take it as “attendance.”

## COURSE REQUIREMENTS AND GRADING

---

### Course Assessment

Midterm Exam	25%
Final Exam	35%
Valuation Project	20%
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.

### MidTerm Exam [25%] & Final Exam [35%]

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.

### Valuation of KAKAO Pay [20%]

Valuing a FinTech company yourself will be a very interesting journey to you to better understand FinTech. KAKAO Pay recently did their IPO in Korean stock market, and it's drawing much attention. Estimate the fair value of their stock and give me a recommendation about whether to BUY/HOLD/SELL as of July 10<sup>th</sup>, 2022.

#### Written report [50%]:

Word file = Executive summary 1 page (free style) + 10 pages double spaced, 12 font

**Video presentation [50%]:** 10 min or less. YouTube uploading! All members should participate and present!

I will give 10% bonus points for all the teams that combine SKKU students and foreign exchange students [non-native Korean speakers] due to the inherent difficulties in communication. This is my way of encouraging diversity among yourselves. It is the best chance to make life-long international friends!

### Attendance [10%]

You should click and watch my videos through i-Campus to make sure that your attendance is recognized!

### Participation [10%]

Whenever you have questions to me, email me with a title of “[GBA BFFT Question] blablabla,” and make sure you start with a greeting saying, “Hi, I am [John Smith] taking GBA BFFT.” It's all about spreading your good name to other people. If your questions add value to the class, I will add participation grade to you. But don't flood me with your emails. If not value adding, I will not add any point.

### Tentative Class Schedule [it may change!!!]

---

Week	Class	dates	Topics covered
1	1	2022-06-27	FinTech and AI in Finance: R U Ready???
1	2	2022-06-28	Why do we care about Efficient Market Hypothesis?
1	3	2022-06-29	Red Flavor! Psychology of color and Momentum Trading
1	4	2022-06-30	Warren Buffet vs Eugene Fama: Value Investing vs EMH
2	5	2022-07-04	Investor PSY-chology surrounding "Gangnam Style"
			- Why are you here Dr. Fama?
2	6	2022-07-05	Covid19 and stock market participation of individual investors
			- Prospect Theory vs Expected Utility
2	7	2022-07-06	Sports sentiment and stock price- how to quantify crowd psychology
			GameStop, Volkswagen + Porsche – Short Squeeze
2	8	2022-07-07	Midterm Exam
3	9	2022-07-11	Elon Musk, the Doge Father: Narcissistic or Overconfident?
3	10	2022-07-12	Biometric data: "Your hand tells much about your risk preference!"
3	11	2022-07-13	Biometric data: The Face of Risk - NAVER vs KAKAO
3	12	2022-07-14	Satellite alternative data: InsurTech, RegTech, Microfinance, and ESG
3	13	2022-07-15	Industry Showcase – a guest speaker might come
4	14	2022-07-18	Project Presentation
4	15	2022-07-19	Final Exam