



APPLIES TO ACADEMIC YEAR 2015/2016

GRA 6547 Research Methodology in Finance

Programme

Master of Science in Business (Finance), Master of Science in Financial Economics

Responsible for the course

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Department

Department of Financial Economics

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Introduction

Welcome to this mandatory and important research methodology course in finance. The importance of this course can be summarised in the following three questions:

- 1) What do I need in order to be able to identify the empirical predictions of a financial or economic theory?
- 2) What do I need in order to be able to test the empirical predictions of the theory?
- 3) What do I need in order to be able to critically evaluate the research methodology used in financial research? Answer: Research Methodology in Finance.

Learning outcome

The aim of this course is to introduce students to important econometric techniques that are used in empirical finance and to facilitate an awareness in students of how these techniques can be applied. You should after completing this course be able to employ and understand most of the research methodology used in today's published research in empirical finance. More specifically, you should:

- * have an advanced knowledge of the principles and methods of modern financial econometrics
- * have extended and deepened your understanding of Econometrics gained in your Basic Econometrics course and improved your critical judgement and discrimination in the choice of techniques applicable to complex situations
- * have extended your understanding of the application of econometric methods and interpretation of the results at an advanced level
- * have further practiced problem solving skills at an advanced level and the use of econometric software.

In addition, you should also have developed further the following key skills:

- * Written communication
- * Oral communication
- * Ethical awareness in conducting research
- * Teamwork
- * Problem solving and analysis
- * Using initiative
- * Computer Literacy

Broader understanding of advanced information search strategies:

- acquaintance with advanced methods for information "harvesting", search technique, evaluation of sources
- know what a critical literature review is and how this type of articles may be searched for and used
- critical evaluation of sources

Prerequisites

All courses in the Masters programme will assume that students have fulfilled the admission requirements for the programme. In addition, courses in second, third and/or fourth semester can have specific prerequisites and will assume that students have followed normal study progression. For double degree and exchange students, please note that equivalent courses are accepted.

Compulsory reading

Books:

Brooks, Chris. 2014. Introductory econometrics for finance. 3rd ed. Cambridge University Press

Book extract:

Saunders, Mark. 2012. Research methods for business students. 6th ed. Pearson Education, Essex. Chapter 3: Critically reviewing the literature, pp.70-124. Available electronically

Other:

During the course there may be hand-outs and other material on additional topics relevant for the course and the examination.

Recommended reading**Course outline**

This course introduces students to modern econometric techniques that are relevant for empirical research in finance. The course starts with a session on data gathering in the library. Then univariate time series models and forecasting are covered before we move on to multivariate time series models and cointegration. The focus then switches to the modeling of volatility.

Course Content:

1. Data gathering
2. Univariate time series analysis
3. Multivariate time series analysis
4. Cointegration: Modeling long-run financial behaviour
5. Modelling Volatility: ARCH models
6. Information search strategies

Each topic will be accompanied by a hands-on practical application of an empirical finance topic. The software package Eviews will be an integral part of the lectures and the coursework.

During the semester there will be thesis seminars to guide the students towards writing a thesis registration form. This is conducted outside the course.

Computer-based tools

Eviews

Learning process and workload

A course of 6 ECTS credits corresponds to a workload of 160-180 hours.

Please note that while attendance is not compulsory in all courses, it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/It's learning or text book.

Examination

Your course grade will be based on the following activities and weights:

50 % of the course grade will be based on a final three-hour written examination.

40 % of the course grade is based on two written assignments (each counting 20%), and a work assignment given by the library accounts for 10% of the grade.

Form of assessment	Weight	Group size
Written examination 3 hours	50%	Individual
Assignment	40%	
Work assignment by the library	10%	

Specific information regarding student assessment will be provided in class. This information may be relevant to requirements for term papers or other hand-ins, and/or where class participation can be one of several components of the overall assessment. This is a course with continuous assessment (several exam components) and one final exam code. Each exam component is graded using points on a scale from 0-100. The final grade for the course is based on the aggregated mark of the course components. Each component is weighted as detailed in the course description. Students who fail to participate in one/some/all exam components will get a lower grade or may fail the course. You will find detailed information about the points system and the mapping scale in the student portal @bi.

Examination code(s)

GRA 65476 (continuous assessment) for the final letter grade counting for 100%

Examination support materials

BI approved exam calculator

Bilingual dictionary

Permitted examination support materials for written examinations are detailed under examination information in the student portal @bi. The section on support materials and the use of calculators and dictionaries should be paid special attention to.

Re-sit examination

It is only possible to retake an examination when the course is next taught. The assessment in some courses is based on more than one exam code. Where this is the case, you may retake only the assessed components of one of these exam codes. All retaken examinations will incur an additional fee. Please note that you need to retake the latest version of the course with updated course literature and assessment. Please make sure that you have familiarised yourself with the latest course description.

Additional information

Honor Code

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honor code, please ask.