

**SKILLS FRAMEWORK FOR FINANCIAL SERVICES  
TECHNICAL SKILLS AND COMPETENCIES (TSC) REFERENCE DOCUMENT**

<b>TSC Category</b>	Investment and Financial Management					
<b>TSC</b>	Behavioural Finance					
<b>TSC Description</b>	Examine the psychological, social, cognitive and emotional factors in investment					
<b>TSC Proficiency Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>	<b>Level 5</b>	<b>Level 6</b>
			<b>FSE-FIN-3019-1.1</b>	<b>FSE-FIN-4019-1.1</b>	<b>FSE-FIN-5019-1.1</b>	
			Analyse investors' emotional and behavioural biases and their effects on investors' investment decisions	Develop plans to mitigate the effects of emotional and behavioural biases on investors' investment decisions	Review behavioural and emotional biases identified and ensure the effectiveness of mitigation methods proposed to investors	
<b>Knowledge</b>			<ul style="list-style-type: none"> <li>• Behavioural biases</li> <li>• Investment policy and asset allocation</li> <li>• Cognitive errors and bounded rationality</li> </ul>	<ul style="list-style-type: none"> <li>• Behavioural biases</li> <li>• Investment policy and asset allocation approaches</li> <li>• Cognitive errors and bounded rationality</li> <li>• Classification of investors according to personality types</li> <li>• Advantages and disadvantages of various classification approaches</li> </ul>	<ul style="list-style-type: none"> <li>• Emerging behavioural biases trends</li> <li>• Strategic investment policy and asset allocation methodologies</li> <li>• Expected utility theory of investment</li> <li>• Prospect theory of investment</li> <li>• Cognitive errors and bounded rationality</li> <li>• Classification techniques of investors according to personality types</li> <li>• Industry best practices to determine advantages and disadvantages of various classification approaches</li> </ul>	
<b>Abilities</b>			<ul style="list-style-type: none"> <li>• Analyse characteristics of traditional finance and behavioural finance decisions to yield better insights and improve decision making</li> <li>• Analyse portfolio construction, and investors' behaviour decisions in line with</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring the effect of behavioural and emotional biases on investment decisions</li> <li>• Develop approaches to mitigate the effects of behavioural biases on investment policy and asset allocation decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Review the accuracy of identification and analysis of behavioural and emotional biases and their effects on investors' decision-making</li> <li>• Review and ensure effectiveness of methods proposed to mitigate</li> </ul>	

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			<p>emotional and behavioural biases</p> <ul style="list-style-type: none"> <li>• Research individuals' behavioural and emotional biases to determine potential effects on investment decisions</li> <li>• Utilise theories of investment to examine investors' behaviours</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate effects of bounded rationality on decision-making</li> <li>• Classify investors according to personality types</li> </ul>	<p>effects of biases for investors</p> <ul style="list-style-type: none"> <li>• Review personality type classification for investors</li> </ul>	
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