AI-Augmented Behavioural Finance Pedagogy: Transforming Undergraduate and Postgraduate Classrooms through Simulation Based Learning

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Abstract

The rapid integration of Artificial Intelligence (AI) into higher education has transformed how business and management subjects are taught and learned. In finance education, traditional teaching methods often emphasize numerical calculations and theoretical frameworks while offering limited opportunities for experiential and behavioral learning. In this case study, the authors present a real classroom-based pedagogical intervention implemented in a course for undergraduate and postgraduate students at Commerce and Management Institutes in India, where AI tools and behavioral finance simulations through games were integrated into teaching practices to improve student engagement, analytical thinking, and practical decision-making skills.

This case study emerged from observations by the teaching faculty who taught Behavioural Finance courses to undergraduate and graduate students, who frequently struggled to connect financial theories with real-world investment behaviour and market psychology. In an attempt to make students show their interest in learning this kind of course, which requires understanding the fundamentals of Psychology, which is a prerequisite for this course. To address these challenges, AI-assisted simulations, AI-generated market scenarios, interactive case discussions, and behavioural finance activities were introduced into the classroom in the form of a game. Students were exposed to emotionally driven financial decision-making situations, such as panic selling, herding behaviour, overconfidence bias, and speculative investment trends, through AI-generated business narratives and stock market simulations.

The teaching faculty made an attempt through gamification as an intervention by adopting a simulation-based learning framework. Based on the authors' experience in teaching behavioural finance courses, a simulation was created using AI. This AI-generated investment simulation scenario was used as a pilot study in the real classroom. The students actively participated in games and were able to make decisions rather than absorb theoretical content. AI tools were used to generate realistic market situations, investment dilemmas, and personalised learning prompts that encouraged critical analysis and collaborative problem-solving.

The results demonstrated and presented active classroom participation, improved conceptual understanding, enhanced critical thinking abilities, and greater student interest in finance subjects. Students reported that the integration of AI made finance learning more relatable, practical, and interactive. This case also discusses ethical concerns, faculty adaptation challenges, limitations of AI-generated learning environments, and recommendations for responsible AI integration in finance education.

This case study contributes to the growing discourse on gamification through AI-enabled pedagogy by demonstrating how behavioural finance and AI can be combined to create immersive and mock experiential learning experiences in management education.

Keywords: Artificial Intelligence, Behavioural Finance, Corporate Finance Education, Undergraduate and postgraduate students, Simulation-Based Learning, Student Engagement

Introduction

Amid the rapid fluctuations in the commercial landscape, business houses expect Management students to be well-versed in critical thinking and managerial intelligence. Commerce and Management education have undergone a major refurbishment in the last few decades owing to ever-changing technological advancements, shifting expectations of the vigorous industry, and embryonic student culture and learning inclinations. The rise of Artificial Intelligence (AI) and various tools has introduced new potentials for adaptive learning, interactive pedagogy, and pragmatic education. In finance education. However, many classrooms continue to rely heavily on conventional lecture-based approaches focused primarily on formulas, theories, and problem-solving techniques.

Authors felt that, in general, the interactive and custom-made approaches help students understand the methodological aspects of finance; they often fail

to address the behavioural dimensions of financial decision-making. Financial markets are not governed solely by rationality but are intensely influenced by human emotions, fear, greed, biases, societal influence, and psychosomatic behaviour. Behavioural finance has developed as a critical field that elucidates how investors frequently swerve from rational decision making due to perceptual and emotional biases. During the progression of academic sessions for the concerned courses handled by authors for undergraduate and postgraduate programmes of Commerce and Management Institutes in India, they intentionally observed that students were able to attempt and solve numerical problems without much difficulty. But the students wriggled to apply theoretical concepts in real-life decision-making situations. Many students viewed finance as a subject focused on calculations rather than on strategic thinking and behavioural analysis. Classroom discussions often remained limited, and students hesitated to participate in analytical debates involving uncertainty and market psychology.

Another major challenge emerged after the widespread availability of AI tools. Students began using AI tools primarily to complete academic assignments rather than for the envisioned learning enhancement. While AI had the potential to support learning, there was growing concern that students were becoming passive consumers of AI-generated answers rather than developing conceptual understanding.

Authors observed the development of an AI Augmented Behavioural Finance Pedagogy model within the Corporate Finance classroom. The primary objective was not merely to introduce AI tools but to redesign classroom learning experiences where students could engage with behavioural finance concepts through simulated games, collaborative discussions, and AI-generated real-world market scenarios.

In this case, the authors present the implementation process, classroom experiences, student responses, challenges encountered, and educational outcomes of integrating AI-assisted behavioural finance simulations into Corporate Finance teaching.

The Corporate Finance course is offered to Undergraduate and postgraduate students at Commerce and Management Institutes in India. The students' batch consisted of students from diverse educational backgrounds, including commerce, engineering, management, economics, and computer science. The class included both fresh graduates and students with prior industry exposure. The Corporate Finance course traditionally covered topics such as:

- Financial management decisions
- Capital budgeting
- Risk and return analysis
- Capital structure
- Working capital management
- Dividend policy
- Financial statement analysis • Cost of capital
- Investment decision-making

Even though the course curriculum included practical case discussions and numerical exercises, student participation levels remained inconsistent. Although most students in the batch scored well in their examinations, the faculty members observed that many of them lacked confidence in critically analysing market conditions, evaluating investor behaviour, and relating finance theories to real-world economic situations.

When learning the Behavioural Finance concepts, the fundamental concepts should be clear. Alongside having consideration of human psychology, the foundations of organisational behaviour are essential. As these are theoretical concepts, the majority of the students tend to avoid active participation. This will have a hindrance in inculcating their decision-making most feasibly.

At the same time, the increased use of AI tools among students created both opportunities and concerns. Students frequently relied on AI-generated responses for assignments, presentations, and problem-solving activities. However, faculty members observed that while AI improved efficiency, it did not automatically improve conceptual clarity or critical thinking

The objective of the study was to demonstrate that AI has penetrated almost all industries. Not to neglect the entry of AI in education, there is no exception that students should be restricted. When AI is considered as a tool for Education, there arises a thought of how we can utilise AI for teaching Behavioural Finance and Finance courses in an effective way by holding the attention and interest of students, especially Generation Z.

Significance of the Study:

If the usage of an AI tool leads to designing a simulation that can be used in courses like Finance, the facilitators can create more interest in students; otherwise. To address this gap, a classroom intervention was designed during the semester to integrate behavioural finance concepts with AI assisted simulation-based learning activities.

CONCEPTUAL FRAMEWORK

AI-Augmented Pedagogical Framework

AI-Augmented Behavioural Finance Pedagogy Model

The intentional usage of AI Simulation in the pedagogical framework combining:

- Behavioural finance principles
- Generative AI tools
- Simulation-based learning
- Collaborative classroom discussions
- Reflective learning activities

- Case/Gaming-based pedagogy the focus was not to completely remove the traditional teaching, but to use AI tools that were aptly integrated to facilitate classroom engagement and enhance experiential learning. Behavioural Biases Addressed in the Simulation
- Herding Behaviour
- Overconfidence Bias
- Panic Selling
- Anchoring Bias
- Loss Aversion

Integration of AI and Gamification

The intervention was conducted over one academic semester across undergraduate and postgraduate courses.

Intervention Diagram generated by authors using AI tools

Proposed Learning Model

Based on the observations of the authors while teaching the behavioural finance concepts, the above flow chart was prepared. This shows the intentional interruption of AI tools in the form of simulation games, case discussions, and faculty facilitation, which lead to learning processes, including interaction, collaboration, reflection, and critical thinking. Those processes then produce outcomes like better financial decision-making, stronger problem-solving, higher engagement, and more confidence. At the same time, factors like digital literacy, prior knowledge, academic level, and AI familiarity influence the results.

Identification of the Problem

The need for pedagogical intervention emerged from multiple classroom observations and academic challenges. The difficulty in learning theory or aversion to theory, connecting the theory with reality, limited knowledge of human psychology, and low classroom engagement were major issues observed by the authors. The challenges were especially in the Behavioural Finance course, which has more theoretical concepts, where students tend to use AI tools for the completion of academically required assignments rather than enjoying learning. The authors' experience, as well as the similar experience shared by the faculty who teach Finance courses, made the author feel like making interventions in the classes for better classroom engagement. These challenges indicated the need for a more interactive, student-centric, and application-oriented teaching methodology.

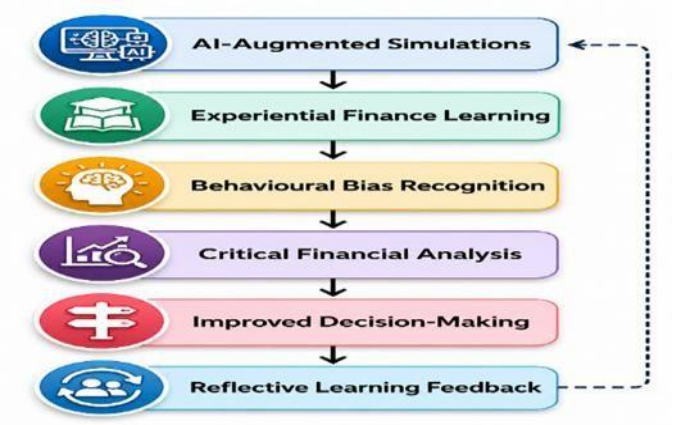
ANALYSIS AND DISCUSSION

As the authors were facilitators who tested these innovative teaching methods through AI tools, the phase-wise implementation and observation were presented below.

Phase 1: Initial stage of introducing Behavioural Finance through real events

During the first phase of teaching the behavioural finance course, the students were supposed to understand financial markets through emotions and psychology.

Students were made to attend real market events such as:



Implementation of the Classroom Intervention

- Stock market panic during economic uncertainty
- Cryptocurrency speculation
- Sudden market crashes
- Herding behaviour during IPO investments
- Social media influence on stock prices

Instead of beginning with theoretical definitions, classroom discussions started with questions such as:

- Why do investors continue buying overpriced stocks?
- Why do people panic sell during market corrections?

- Why do social media trends influence investment decisions?
- Why do intelligent investors sometimes make irrational choices?

In this initial phase, the real-world scenarios were presented as an introductory vignette, which was a little bit light in nature. Students actively participated because the discussion connected finance with daily news and social media experiences.

Phase 2: AI-Generated Investment Simulation Scenarios

After the initial phase of introducing the subject, students exhibited a decent understanding of the essentials. Based on the positive notes received from students, in the second phase, the authors introduced AI simulation tools to create realistic financial decision-making scenarios. AI tools were used to generate:

- Fictional stock market crises
- Investment dilemmas
- Company expansion proposals
- Capital budgeting uncertainties
- Investor behaviour narratives
- Ethics in decision-making dilemmas

Each scenario presented students in the role of:

- Investment managers
- Financial analysts
- Retail investors
- CFOs
- Risk Management Analyst

Students worked in a team and were asked to analyse the scenario, identify behavioural biases, and recommend financial decisions.

Example of Classroom Simulation In a classroom, we used an AI-generated situation where a technology company experienced a sudden decline in stock price due to viral misinformation circulating on social media. Students were divided into teams representing:

- Long-term investors
- Short-term traders
- Company management
- Financial advisors
- Media analysts

Each team reacted differently based on behavioural assumptions. Few teams demonstrated panic-selling behaviour, while others displayed confirmation bias and overconfidence.

In this activity, highly engaging classroom discussions were created as students emotionally connected with the simulated market situation.

Phase 3: AI-Assisted Case Discussions

Later, the authors used AI to generate customised case-lets based on topics taught during the previous session.

For example:

- Capital Budgeting Topic
- Again, teams were formed with different members who were given an AI-generated scenario involving a company deciding whether to invest in a risky renewable energy project.

Rather than simply calculating NPV and IRR, students were asked to evaluate:

- management optimism
- risk perception
- investor sentiment
- long-term sustainability concerns
- behavioural influences affecting decision making

In this way, an attempt was made to transform numerical exercises into strategic discussions.

Phase 4: Reflection and Bias Identification Exercises

By the end of each activity, students were asked to critically analyse their own decisions.

Reflection questions included:

- Did emotions influence your decision?
- Were you influenced by group opinion?
- Did you ignore contradictory information? • Did overconfidence affect your analysis?
- How would your decisionchange with complete information? Students gradually became more aware of their own behavioural biases.

Apart from this, it was observed that a few moderating factors impact the interactivity of this AI simulation learning session.

Increased Participation

Students who were previously hesitant to participate became more involved during simulation activities. These interactive simulation sessions had gradually prepared students to come out of their shells and overcome their preoccupation with the fear of not being comfortable working in AI-based games and cases. The reason for this incremental positive note was the impact of the discussions focused on decisionmaking rather than only giving the right answers.

Better Conceptual Understanding During the course of this experiential learning, the students were able to demonstrate:

Enhanced Critical Thinking

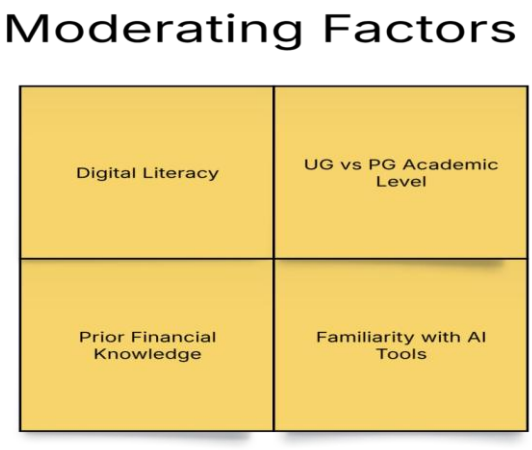
Students started to show interest and participate in the exercises as they were able to connect with the real world in virtual settings. They started questioning assumptions rather than blindly accepting the information as it is. With contributions from team members from different backgrounds, they analysed and evaluated AI-generated outputs and discussed the scope for alternative versions.

Better Classroom Engagement with Learning

Almost the entire class expressed that finance was connected to real-life scenarios and human behaviours in natural settings rather than merely focusing on solving numerical problems.

Analysis of Educational Outcomes

Conducting the simulated activity in an actual class in classroom participation.



Designed by Authors

Classroom Observations and Student Responses

The interference produced substantial modifications

- improved understanding of risk perception
- investor psychology
- market irrationality
- strategic finance decisions
- behavioural biases

With these positive changes through active participation, students were able to understand the concepts better, which they had earlier felt were just abstract, as they were able to connect the concepts through simulations.

Improvement in Collaborative Learning

As those simulation exercises were specifically taught by forming student teams, they encouraged peer learning. The team members were from different academic domains, which led to additional positive change, as students from science and technical backgrounds focused on harnessing their contributed analytical skills, and students from commerce backgrounds explained financial concepts.

articulated educational outcomes that make sense in the true spirit for educators to note.

1. **Change from Passive to Active Learning** The conventional lecturing-based sessions position students as passive listeners. On the flip side, these simulation-based models changed students into active participants who analysed, debated, and defended financial decisions.

2. **Integration of Technical and Behavioural Skills** Students not only learned financial calculations but also developed:

- decision-making skills • strategic thinking
- emotional intelligence
- ethical awareness
- communication abilities

3. Responsible Use of AI

During the facilitation of exercise and simulation, the authors meticulously recorded that students clearly

understood that AI is a support tool rather than a substitute for thinking. Faculty guidance played an important role in encouraging critical evaluation of AI-generated content.

4. Higher Engagement Levels
The authors noticed that the students' participation in the class and course improved noticeably throughout the progressive sessions. Students showed greater interest in discussing current market events and investment trends.

5. Real-World Relevance
The relevance and application of AI in behavioural finance have augmented students' understanding of how finance works in practical business environments.

Challenges Faced During Implementation Although decent positive outcomes were witnessed, several constraints arose during execution.

1. Faculty Preparation Requirements Designing simulation-based exercises that are relevant to the specific concepts requires groundwork by the faculty, which saps initial designing time. As AIgenerated content is used for simulation, a careful review is very much essential to ensure accuracy and relevance.

2. Overreliance on AI
At the beginning of the classes, the majority of the class started using AI without understanding the need for a suitable AI prompt. Slowly, they started using their own assessment for an independent analysis.

3. Variations in Student Digital Literacy Relatively few students distinguished themselves in their mindfulness and familiarity with AI tools. But few adapted swiftly, while others required extra backing.

4. Assessment Difficulties
When assessing, the partaking, consideration, and behavioural understanding required new assessment methods outside the conventional examinations.

5. Ethical Concerns
A few doubts arose in the observations of authors concerning:

- academic integrity
- originality of student work
- responsible AI usage
- misinformation risks
- dependence on technology The fussy dilemmas emphasised the importance of starting ethical AI rules within scholastic institutions.

Ethical Considerations in AI-Integrated Finance Education
The particular interruption of AI into classrooms raises significant ethical deliberations. During the intervention, students were repeatedly reminded that AI tools are not substitutes for human judgment.
Discussions were conducted on:

- Cross-checking of AI-generated information
- responsible academic practices
- transparency in AI usage
- ethical investment decisions
- Bias in AI-generated outputs

Students were given scope to analyse AI-generated financial suggestions rather than accepting them blindly. The intervention also emphasised the importance of maintaining a balance between technological innovation and human-centred learning.

Pedagogical Implications
This current study demonstrated that AI integration in management education should move beyond automation and efficiency. Meaningful AI integration requires:

- active learning design
- experiential pedagogy
- reflective discussions
- collaborative activities
- ethical awareness
- faculty facilitation

Behavioural finance provides an excellent framework for AI-supported experiential learning as it links technical concepts with human psychology. These interventions suggest that finance classrooms can become more engaging when students experience uncertainty, emotion, and decision-making pressure through simulations.

Recommendations for Educators Based on the authors' classroom involvement, the following recommendations are proposed for educators integrating AI into finance and accounting education:
1. Use AI to Enhance Interaction, Not Replace Teaching
AI should support engagement and personalisation rather than replace faculty guidance.
2. Combine AI with Experiential Learning Simulations, role plays, and case discussions improve conceptual understanding. **3. Encourage Critical Evaluation of AI Outputs**
Students should be trained to question assumptions and verify information. **4. Incorporate Ethical Discussions**
Ethical AI usage should become part of management education.
5. Focus on Human Decision-Making Behavioural Finance education should address emotional and psychological dimensions of business decisions.

Conclusion

Based on the author's experiences while teaching the Behavioural Finance course, the use of AI-augmented pedagogy in undergraduate and postgraduate classrooms showed an incremental positive growth. It is the technology that ropes learning finance more interactively, insightfully, practically, and engagingly when used thoughtfully. As an alternative to focusing only on formulas, theories, and calculations, the classroom sessions encouraged students to actively participate in situations that reflected real financial decision-making under uncertainty.

The authors initiated the use of AI-based simulations for classroom activities, and students were able to understand more clearly how emotions, cognitive biases, peer influence, fear, and overconfidence can affect financial decisions in real-life situations and financial markets. This innovative pedagogy made behavioural finance concepts easier to connect with practical experiences rather than learning them only through textbooks.

The authors had a personal feeling that AI should not be viewed only as a productivity or automation tool. When integrated properly into teaching practices, it can support meaningful classroom interaction, reflective learning, and deeper student engagement. At the same time, the study highlighted the importance of ethical awareness, faculty guidance, and critical thinking while using AI-supported educational methods.

In this rapidly changing world, as business schools continue to inculcate technological advancements, the integration of behavioural finance with AI-enabled experiential learning can provide students with a more holistic, industry-relevant, and learner-centred educational experience. AI-supported learning models have the potential to reshape finance and accounting education by making learning more practical, engaging, and connected to real-world decisionmaking in the evolving digital era.

Sample Classroom Activity Appendix

Activity Title

AI-Driven Investor Behaviour Simulation during Market Uncertainty

Objective

To help students understand how emotions, market rumours, and behavioural biases influence investment decisions during uncertain economic conditions.

Classroom Setup

Students were divided into five groups representing different market participants:

- Retail Investors
- Institutional Investors
- Financial Analysts
- Company Management
- Media and Social Media Influencers

Each group received AI-generated market updates every ten minutes during the classroom simulation.

Simulation Scenario

An AI-generated business news alert stated that a leading technology company was facing a possible regulatory investigation. Simultaneously, social media rumours suggested that the company's future projects could fail.

Students were given stock price charts, investor reports, financial ratios, and AI-generated news updates.

Case Let- 1 Navigating the Market Volatility- An AI-based Trading Simulation

The Innovi Tech Crisis: A Study in Market Psychology

Scenery 1: Robert sat in the low-lit Incubation laboratory with eyes zipping across a three-monitor setup. On the left screen, the stock price charts for "Innovi Tech"—the world's leading AI chip manufacturer—showed a steady upward climb. The centre screen displayed a dashboard of healthy financial statements and glowing investor reports from the previous quarter. To Robert, it looked like a "buy" signal.

The Facilitator: At 10:15 AM, the Incubator's primary feed flashed a high-priority, AI-generated business news alert, consistent with the previous day's observations worldwide. Later, the headline read: "Innovi Tech is facing a possible regulatory investigation into data privacy practices." Instantaneously, the stock chart's green line peaked and took a sharp downward turn.

The Noise in the background: As the stock price began to show a downward trend, secondary information through sources like investing.com, moneycontrol.com —a simulated social media stream—erupted with activity. Rumours spread like wildfire, with influential "fin-fluencers" suggesting that the investigation would reveal that the company's future projects could fail.

Robert felt a smash tighten in his stomach. He looked back to check the investor reports. Nothing in the fundamental data had changed in the last five minutes. Later, when checked after 15 minutes, the AIgenerated news updates were coming in every thirty seconds, each one more terrible than the last.

The Decision: Robert's cursor drifted over the "SELL" button. He saw the "herd" trade off in the simulated order book. Despite the financial statements and ratios indicating the company was still solvent and profitable, they maintained their liquidity position in the market. He tried to recollect and connect the dots based on Michael Dow's Theory. The Availability Heuristic took over; the vivid, recent news of an "investigation" felt more real than the cold numbers on the balance sheet. He was feeling loss aversion. The thought of losing the simulated "gains" he had made over the last few hours of the workout was more painful than the potential

recompense of holding through the volatility of the stock.

The Outcome: Robert clicked "SELL" at the bottom of the dip. Fifteen minutes later, the simulation hard-pressed a final update: the "investigation" was a minor inquiry into a third-party vendor, and Innovi's core projects were unaffected. The stock price rebounded instantly.

For teaching these concepts in the classroom, the authors used Stock Trak, an AI-based simulation tool, to teach Trading. When this virtual platform was introduced, students were curious to see the fluctuation in the stock market. Slowly, the attention span of the students increased, and students were keen on the behavioural changes in Robert relating to stock and speculation.

Behavioural Finance Takeaways: This narrative demonstrates how quickly social media rumours and AI-generated news can trigger irrational behaviour.

The entire drama presented a clear note that Robert fell victim to the bias that is clearly a narrative in nature, where he prioritised a captivating story of "failure" over the investor reports. Also, it is clearly evident that Herd Behaviour shadowed him, where the market's downward trend prevailed rather than trusting his initial quantitative analysis. Alongside, Robert became anchored to the adverse "news alert" rather than the long-term financial ratios.

Case Let- 2

The Regulatory Shock & Fundamental Resilience

The authors designed this case-let by outlining an AIbased simulation tailored to teach trading and behavioural finance, focusing on how market participants react to ambiguity and conflicting information streams.

The primary objective of this case-let is to observe and make students analyse and balance quantitative data, which includes financial fundamentals, against the qualitative "noise" that includes AI-generated news and rumours during a period of artificial market volatility.

Setting: Students were provided with a dynamic dashboard containing four critical data streams, namely:

- Stock Price Charts that present the real-time visualisations showing price trends and volume spikes.
- Investor Reports & Financial Ratios with detailed data on the company's current profitability, debt levels, and cash flow.
- AI-Generated News Updates, with a live feed of curated headlines and short-form "breaking news" bulletins.
- Social Media Sentiment feed showing a stream of simulated user posts and "rumours" reflecting public perception.

Simulation Sequence:

Phase 1: The Baseline (0–15 Minutes):

During the first fifteen minutes, participants began with a stable market environment. They were encouraged to use investor reports and financial ratios to establish a "fair value" for a leading technology company. Initial news updates were neutral and mildly positive.

Phase 2: The Catalyst (15–30 Minutes): The AI triggered a "business news alert" stressing that the company is facing a "possible regulatory investigation". This event was designed to create immediate price volatility and test the participants' emotional resilience.

Phase 3: The Information Conflict (30–45 Minutes): As the price drops, the simulation introduces a "social media rumours" suggesting that the company's "future projects could fail" entirely as a result of the investigation. Students were in a position to critically analyse and decide whether to trust the stable financial ratios or the alarming AI-generated news updates.

Phase 4: The Resolution (45–60 Minutes): The last, final news update clarified the scope of the investigation. It was designed such that, based on the simulation's design, the information may disclose that the risk was overblown, leading to a "short squeeze" or a rapid recovery, rewarding those who ignored the noise.

Learning from the Simulation:

This simulation led students to confront specific psychological biases in real-time, with a touch of core behavioural finance applications.

Constraints perceived:

The authors recorded a few challenges that hindered the simulations. One of the major observations was on the availability heuristic. As information was overloaded, there may be chances of students overreacting. The chance of narrative Bias is how easily students were persuaded by a rumour that may not be true. Most importantly, the herd behaviour. As authors, we try to observe whether students began selling their positions simply because the stock price charts showed a downward trend driven by other participants. Also, in the simulation, the authors are genuinely trying to track whether there was any information overload. By providing news updates, social media feeds, and financial reports in parallel, the simulation tests a student's ability to filter relevant signals from distracting noise.

Evaluation and Debrief:

At the fag-end of the simulation session, the authors inferred from the class performance review. Students were evaluated not just on their calculations and arriving at a solution aiming to calculate final profit or

loss, but also on their AI, which traced whether the trading exercise done by the students was prompted by a variation in financial ratios or by just an impulsive response to social media. The data-driven probe permitted a deep dive into individual behavioural persuasion of trading psychology and the reality of market volatility.

Student Reactions Observed:

- Some teams immediately sold shares due to panic.
- Some teams waited for confirmation before reacting.
- Some students followed the majority opinion without independent analysis.
- A few students showed overconfidence despite negative indicators.

Behavioural Biases Identified: The classroom discussion identified several behavioural finance concepts:

- Herding Behaviour
- Loss Aversion
- Confirmation Bias
- Anchoring Bias
- Overconfidence Bias
- Fear-Based Decision Making

Learning Outcome

Students had a good takeaway: that financial decisions are not always balanced, and the market dynamics play an important role in investment behaviour. Also, the real-time feeds and priorities kept students continuously engaged and enabled them to react immediately to shifting market conditions. This primitive experience triggers prejudices of the kind, loss aversion, and Herd Behaviour, which makes the simulation feel personally significant to the student, thereby increasing their active participation in decision-making.

This exercise, through hands-on, provided a multifaceted mix of investor reports, financial statements, ratios, and AI-generated news. This approach made students enthusiastically participate by assessing which data points were "sound" and which were "indications, of buying and selling the stock. The AI creates a compelling narrative around a possible regulatory investigation.

This narrative, as a case, was seen in the "Innovi Tech" situation. The authors' experiences of teaching through simulation had drawn participants into the "fiction" of the market, making the academic concepts of behavioral finance much more relevant and impressive. This hypothetical simulation of Modern Trading Realities was the crucial driver for student enthusiasm and participation in the application.

Student Feedback and Reflection

At the end of the course, the students were asked to submit genuine feedback regarding the AI-assisted simulation pedagogy and its relevance in the course. The major section of the class reported that the finance concepts became easier to understand, classroom discussions became more interactive, and simulations improved their confidence in decision making. Also, they were of the view that AI-generated scenarios had created their curiosity and proactive participation. Those who were very inclined towards the Stock Market and trading felt that the Behavioural finance concepts became practical, which prepared them to immerse themselves in the virtual market and understand the actual concepts and complexities of behavioural finance. A few of the class members mentioned that it made them more cautious when using AI tools and taught them to assess AI-generated responses. Quite a good number of students shared an open feedback that earlier, they used to think finance was only about formulas and calculations. Now, after using simulation activities, they were clear on how emotions and psychology influence real financial markets. They felt that the AI-generated investment scenarios made classroom learning feel realistic. It improved my analytical thinking and participation."

Future Scope

Through clear and thoughtful observation and experience of the authors, who were also the facilitators, was carefully recorded. In the due course of delivering the Behavioural Finance course, they gained confidence. They thought that the intervention through the Artificial Intelligence-based classroom, using the fictional games they tried in one course, could be expanded to other courses. Through AI powered virtual trading laboratories, gamified finance learning environments, predictive analytics simulations, interdisciplinary collaboration between finance and data analytics courses, AI-supported personalised learning systems, and immersive virtual reality investment simulations, the teaching pedagogy can be made more fruitful, and innovative methods can really help improve classroom engagement. As the virtual sessions give more practical insights through simulations, students will be able to assess the situations and trade. This is enhancing their decision making abilities.

Future research may also explore the long-term impact of AI-assisted behavioural finance pedagogy on student employability, effective financial decision making abilities, and industry readiness.

Managerial and Institutional Implications This simulation was primarily an AI-based one and was especially tested in a classroom setting by the authors. The authors' experience while teaching the behavioural finance course sheds light on the broader

implications for business schools and higher education institutions.

Curriculum Redesign

In Management Education Institution, the course and curriculum should be redesigned by tweaking the conventional traditional finance courses syllabus by making changes to include AI literacy, behavioural finance, and experiential learning methodologies for better decision-making.

Faculty Development

As a prerequisite, the facilitators and faculty members have to undergo a Development Programme where the session should be on AI-supported pedagogy, simulation design, and digital teaching methods. This is essential to facilitate the tutors, as each subject requires a different pedagogy.

Industry Alignment

In the fast-paced, changing Industry 5.0, recruiters are increasingly expecting graduates to possess critical analytical thinking, adaptability, decision-making skills, and technological awareness.

Student-Centric Learning

It is better to create a platform to have Industry Institution integration by incorporating AI tools. This is for proving student engagement, practical understanding, and reflective thinking rather than merely increasing efficiency.

Final Reflection from the Educator's Perspective As a faculty member teaching Corporate Finance, we strongly believe that the classroom should be more than a space for memorising theories and formulas. Students tend to learn better when they can connect financial concepts with practical scenarios, and thus, it enables them to come out with better decision-making. Creating and engaging a learning environment where students can participate actively, discuss ideas, and relate them to everyday business situations makes learning more meaningful and enjoyable.

The use of AI-assisted simulations in the classroom has significantly changed the learning experience. Instead of remaining passive listeners, a studnets ebcaeme active participants who questioned assumptions, analysed financial decisions, debated alternatives, and reflected on outcomes.

The authors felt the level of classroom engagement was overwhelming compared to the pre-intervention session. This has supported the role and relevance of intervention in commerce and management classes. Faculty members are no longer one-way teaching, but are acting as facilitators who foster critical thinking and ethical reasoning among students, and promote experiential learning.

At the same time, the experience reinforced an important belief that technology should support human learning, not replace human judgment. AI can be a powerful educational tool when used thoroughly and responsibly. When integrated with behavioural finance concepts and interactive pedagogy, it can help create richer learning experiences that prepare students to deal with complex and uncertain business situations in the real world and make them industry ready.

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