

## INTRODUCTION

Increased interest in behavioral finance was one of the biggest changes that occurred in the development of the science of finance at the turn of the 21<sup>st</sup> century. This field of research, combining mainly knowledge of finance and psychology, has grown in importance all over the world, becoming a challenge to the neoclassical theory of finance, which has prevailed thus far. Both approaches are now major fields of research within the modern science of finance, although they are frequently considered complementary rather than competitive.

The international conference „Neoclassical and Behavioral Finance” organised at the Faculty of Economics and Sociology of the University of Lodz (the Department of Financial Economics and Capital Market and the Institute of Finance) in 2014 was an opportunity to compare the achievements of both approaches. This conference was attended by scientists and business practitioners from 6 countries, as well as by the students of the University of Lodz.

This fascicle of „Folia Oeconomica” is a compilation of articles which were prepared based on the conference papers and discussions. They deal with selected aspects of company finances, banking and the capital market, considering them from both the neoclassical and behavioral perspectives. Some synthetically describe the behavioral factors influencing financial markets, the results of investigations examining the factors and their implications for the rationality of investors’ decisions, anomalies occurring in the capital markets (particularly regarding the rates of return on investments related to Initial Public Offerings (IPO)) as well as the role played by emotions in financing investment projects or saving up for retirement. Other articles analyse aspects of finance in both behavioral and neoclassical perspectives, as shown by the analysis of „shadow banking”. There are also articles presenting the results of studies and investigations carried out in the framework of neoclassical finance, e.g. articles discussing information asymmetry with respect to capital structure. Interestingly, in the case of certain research results, both the neoclassical and behavioral approaches are capable of providing explanations.

This fascicle is as mentioned a review of views exchanged during one of the first forums in Poland where behavioral finance researchers from various scientific centres and their colleagues representing the neoclassical, traditional approach to finance could present and compare their achievements. There are

many signs that the combination of the two approaches may become an important means of explaining financial phenomena and a new paradigm of finance.

Finally, we wish to acknowledge our appreciation to all institutions that helped make the conference a platform for discussion, particularly to Narodowy Bank Polski, the Committee on Financial Sciences of the Polish Academy of Sciences, the Faculty of Economics and Sociology UL, as well as to the Atlas, Magellan and Petecki companies.

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