The parables, premium puzzles, and the CAPM

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Abstract
Purpose
The purpose of this paper is to ascertain whether religions parables are relevant to finance.

Design/methodology/approach
In the Gospel, one may find parallels to the capital asset pricing model in the context of the parables of the kingdom of God. For instance, the duality in the parables is particularly analogous to the gain – loss decision making in the practice and theory of finance. Moreover, several parables giving insight into investor reactions may help explain the premium puzzles in asset pricing.

Findings
Based on a thorough analysis, one can see that the parables contribute to finance practice and education.

Originality/value
This study is the first attempt to link parables in the Gospel of Matthew to finance theories.

Keywords
Capital asset pricing model
Religion
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Citation

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