

UNDERGRADUATE CURRICULUM PROPOSAL COVER SHEET

Title of Proposal – Must begin with Department Abbreviation:

FIN 4XXX Behavioral Finance - New Course

Check One: Full Proposal or Information Item

Effective Date for Curricular Offering: Fall 2012

FROM: Chris Brockman, Chair COB UG Curriculum Committee, 412K Fletcher Hall, 425-1750, Chris-Brockman@utc.edu
(proposal originator: include spokesperson's name, department, office number, telephone, e-mail)

Does this require new resources from the originating department or other department? No
Please include an explanation if yes.

Faculty of the originating department approved this proposal on November 1, 2011 (date),
by a vote of 4 aye votes; 0 nay votes; 0 abstentions; 1 eligible voting members absent.

The following have examined this proposal:

Dept Head/Director: <u>Beverly Brockman</u>	<u><i>Beverly Brockman</i></u> <u>11/9/11</u> ✓				
Printed name	Signature, date	Approve	Neutral	Disapprove*	

College Curriculum Committee Date: 11/3/2011 **Vote:** 10-0-0 **Signature of Chair:** *Chris Brockman*

Spokespersons for Affected Departments:

Printed Name, Department	Signature, Date	Approve	Neutral	Disapprove*
<u>Brian O'Leary</u>	<u><i>Brian O'Leary</i></u> <u>11/9/11</u> ✓	✓		
_____	_____			
_____	_____			
_____	_____			

Dean/Director: _____ *Phil Oldham* ✓

University Registrar: <u>Linda Orth</u>	<u><i>Linda Orth</i></u>				
Printed name	Signature, date	Comments			

Provost/Representative: <u>J Sanders</u>	<u><i>J Sanders</i></u> <u>11/14/11</u> ✓				
Printed name	Signature, date	Approve	Neutral	Disapprove*	

Lab/studio fee requested:

Provost: <u>Phil Oldham</u>					
Printed name	Signature, date	Approve	Disapprove*		

*Those who disapprove may attach an explanation

ACTIONS on this proposal:	Curriculum Committee	Faculty Senate
Date the proposal was considered	_____	_____
Vote of the body:	_____	_____
Accepted as information item (<i>indicate date</i>)	_____	_____
Approved as submitted (<i>indicate date</i>)	_____	_____
Approved with amendments (amendments indicated and transmitted to all signatories above, date):	_____	_____
Signature of Chair:	_____	_____

12-028-UG

Proposal for a New Course: Behavioral Finance Course Department of Finance

Catalog Description

FIN 4XXX

(3) Credit Hours

This course is designed to provide students with information on how individuals and firms make financial decisions, and how those decisions might deviate from those predicted by traditional financial or economic theory. Students explore the existence of psychological biases in financial decision-making, and examine the impacts of these biases in financial markets and other financial settings. The course examines how the insights of behavioral finance complement the traditional finance paradigm. On Demand. *Prerequisites: FIN 3020, and 3 additional hours of finance, junior standing; or department head approval.*

Pedagogical Objectives

Students will gain an understanding of how individuals actually make financial decisions and guidance on how to improve financial decision making in themselves and others.

Model Syllabus

Please see attached.

Student Evaluation Model

Grade Determination: Grade components will consist of the following:

Midterm Exam	25%
Final Exam	25%
Individual Paper	25%
Group Project/Case	25%

Grades will be assigned as follows:	90 – 100%	A
	80 – 89%	B
	70 – 79%	C
	60 – 69%	D
	Below 60%	F

Rationale for the Change

The field of Behavioral Finance has become an increasingly important topic in the finance area. With the recent implementation of the COB Finance for the Future Initiative (FFI), the Behavioral Finance course will function as a foundation in furthering the principles behind the FFI.


Economic and Pedagogical Consequences

Routine Instructor: Dr. Bart Weathington, Department of Psychology

Because it is an elective course, continued course coverage can be handled by Dr. Weathington's current teaching load. Sufficient expertise and interest exist among finance faculty should Dr. Weathington be unable to teach the course. The addition of the course adds one elective to the current offering of five finance electives, which are regularly offered, so an additional elective is needed. There are no economic consequences of adding the course, and no additional library or ancillary materials are required.

Relation to other Departments/Programs

Dr. Bart Weathington, Department of Psychology, will be teaching the class as an overload class on an adjunct basis. Otherwise, offering this finance elective does not impact other departments or programs, either within the College of Business or within the University.

THE
UNIVERSITY of TENNESSEE at CHATTANOOGA 
COLLEGE of BUSINESS

Department of Finance

Term: Fall 2012

Course: **Course Number:** FIN 4XXX **Section:** X **CRN:** XXXX

Title: Behavioral Finance

Schedule: **Time:** XXXXX **Day(s):** XX **Location:** XXXXX

Contact

Information: **Instructor:** Dr. Bart Weathington
Office Location: 350C Holt Hall
Office Phone: 425-4289
Office Hours: XXXXXXXX
Email Address: Bart-Weathington@utc.edu

Prerequisites: FIN 3020, and 3 additional hours of finance, junior standing; or department head approval.

Course Description: This course teaches how individuals and firms make financial decisions, and how those decisions might deviate from those predicted by traditional financial or economic theory. Students explore the existence of psychological biases in financial decision-making, and examine the impacts of these biases in financial markets and other financial settings. The course examines how the insights of behavioral finance complement the traditional finance paradigm.

Required Text: Behavioral Finance: Investors, Corporations, and Markets H. Kent Baker (Editor), John R. Nofsinger (Editor). ISBN: 978-0-470-49911-5

Info available at: <http://www.wiley.com/WileyCDA/WileyTitle/productCd-0470499117,descCd-tableOfContents.html>

This book will be the primary source of readings for the course. I will (sparingly) supplement some of the material with journal articles.

Student Learning Objectives/Outcomes: Students will gain an understanding of how individuals actually make financial decisions and guidance on how to improve financial decision making in themselves and others.

Grade Determination: Grade components will consist of the following:

Midterm Exam	25%
Final Exam	25%
Individual Paper	25%
Group Project/Case	25%

Grades will be assigned as follows:

90 – 100%	A
80 – 89%	B
70 – 79%	C
60 – 69%	D
Below 60%	F

Honor Code: The Honor Code is based upon the assumption that the student recognizes the fundamental importance of honesty in all dealings within the University community and that education is a cooperative enterprise between student and teacher and between student and student. Any act of dishonesty violates and weakens this relationship and lessens the value of the education that the student is pursuing. The Honor Code and the Honor Court and its procedures are detailed in the *Student Handbook*.

Additional Info: If you are a student with a disability (i.e., physical, learning, psychiatric, etc) and think that you might need assistance or an academic accommodation in this class or any other class, please contact the Office for Students with Disabilities at 425-4006 or go to the office- 102 Frist Hall.

If you feel at any time during the semester that you are failing the class or not doing as well as you would like, I encourage you to come see me.

The University of Tennessee at Chattanooga does not discriminate on the basis of race, sex, color, religion, national origin, age, handicap, or veteran status in provision of educational opportunities or employment opportunities and benefits, pursuant to the requirements of Title VI of the Civil Rights Act of 1964, of Title IX of the Education Amendments of 1972, the Rehabilitation Act of 1973, the Americans With Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, and other applicable

statutes. Inquiries and charges of violation of this policy should be directed to the Office of the Director for Affirmative Action, 104 Founders Hall, (423) 425-4124.

If you find that personal problems, career indecision, study and time management difficulties, etc. are adversely impacting your successful progress at UTC, please contact the Counseling and Career Planning Center at 425-4438.

Student email: To enhance student services, the University will use your UTC email address (firstname-lastname@utc.edu) for communications. Please check your UTC email on a regular basis. If you have problems with accessing your email account, contact the Help Desk at (423)425-4000.

School Closing: If the University is closed due to weather or other reason during a scheduled class meeting, any assignment, quiz, or exam scheduled for that day will automatically be rescheduled for the first class period in which school is open.

Your Career Path - Meeting with Faculty: College of Business faculty are happy to share their knowledge and experience with you as you plan for your future. If you have any questions regarding career paths in this field or interest in applying to graduate school, please feel free to meet with me (or any faculty member) during office hours or after class throughout the semester.

Professional Organizations: Numerous opportunities exist for students to become involved in professional organizations. Student organizations include Beta Alpha Psi (BAP) as well as a student chapter of the Financial Management Association (FMA). Professionals in the community encourage students to join them at their local chapter meetings. Google the national organization or ask faculty members for local organization's contact information.

Textbook: Behavioral Finance: Investors, Corporations, and Markets

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PART I. FOUNDATION AND KEY CONCEPTS.

Chapter 1. Behavioral Finance: An Overview

Chapter 2. Traditional versus Behavioral Finance

Chapter 3. Behavioral Finance: Application and Pedagogy in Business Education and Training

Chapter 5. Neuroeconomics and Neurofinance

Chapter 6. Emotional Finance

Chapter 8. The Psychology of Risk and Uncertainty

PART II. PSYCHOLOGICAL CONCEPTS AND BEHAVIORAL BIASES.

Chapter 11. Prospect Theory and Behavioral Biases

Chapter 13. Overconfidence

Chapter 14. The Representativeness Bias

Chapter 15. Familiarity Bias

PART III. BEHAVIORAL ASPECTS OF ASSET PRICING.

Chapter 18. Market Inefficiency

Chapter 19. Preference and Belief Based Models

PART IV. BEHAVIORAL CORPORATE FINANCE.

Chapter 20. Enterprise Decision Making as Explained in Interview-Based Studies

Chapter 21. Financing Decisions

Chapter 22. Capital Budgeting and Other Investing Decisions

Chapter 23. Dividend Policy Decisions

Chapter 24. Loyalty, Agency Conflicts and Corporate Governance

Chapter 25. Initial Public Offerings

Chapter 26. Mergers and Acquisitions

PART V. INVESTOR BEHAVIOR.

Chapter 27. Trust Behavior: The Essential Foundation of Financial Markets

Chapter 28. Individual Investor Trading

Chapter 29. Individual Investor Portfolios

Chapter 30. Cognitive Abilities and Financing Decisions

Chapter 32. Institutional Investors

Chapter 33. Derivative Markets