

NEW COURSE PROPOSAL

Courses must be submitted by October 15, 2010, and finalized by the end of the fall semester for the next catalog production.

Use YELLOWED areas to enter data.

DATE (*Change if modified and redate file with current date*)

APRIL 1, 2011; REV 4.20.11

PROGRAM AREA(S)

BUSINESS AND PSYCHOLOGY

1. Course Information. *[Follow accepted catalog format.]*

Prefix(es) (Add additional prefixes if cross-listed) and **Course No.** BUS/PSY 330

Title: BEHAVIORAL FINANCE: THE PSYCHOLOGY OF DECISION-MAKING

Units: 3

Prerequisites NONE

Corequisites

Consent of Instructor Required for Enrollment

Catalog Description (Do not use any symbols):

Examines the influence psychology has on the behavior of financial practitioners and the subsequent effect on financial markets. Investigates psychological variables (such as heuristics, biases, overconfidence, and sentiment) and how the resulting affective and cognitive reactions impact personal and general financial decisions. Examines how to apply behavioral finance in investing, corporate financial decision making, and financial market management.

Grading Scheme:

X A-F Grades

Credit/No Credit

Optional (Student Choice)

Repeatability:

Repeatable for a maximum of units

Total Completions Allowed

Multiple Enrollment in Same Semester

Course Level Information:

X Undergraduate

Post-Baccalaureate/Credential

Graduate

Mode of Instruction/Components (*Hours per Unit are defaulted*).

| | Units | Hours per Unit | Benchmark Enrollment | Graded Component | CS & HEGIS # (Filled in by the Dean) |
|----------------------------------|-------|----------------------|-------------------------|---------------------|---|
| <input type="checkbox"/> Lecture | 3 | 1 | 30 | X | |
| Seminar | | 1 | | | |
| Laboratory | | 3 | | | |
| Activity | | 2 | | | |
| Field Studies | | | | | |
| Indep Study | | | | | |
| Other Blank | | | | | |

Leave the following hours per week areas blank. The hours per week will be filled out for you.

3 hours **lecture** per week

hours blank per week

2. Course Attributes:

X **General Education Categories:** All courses with GE category notations (including deletions) must be submitted to the GE website: <http://summit.csuci.edu/geapproval>. Upon completion, the GE Committee will forward your documents to the Curriculum Committee for further processing.

A (English Language, Communication, Critical Thinking)

A-1 Oral Communication

A-2 English Writing

A-3 Critical Thinking

B (Mathematics, Sciences & Technology)

- ☐ B-1 Physical Sciences
- ☐ B-2 Life Sciences – Biology
- ☐ B-3 Mathematics – Mathematics and Applications
- ☐ B-4 Computers and Information Technology

C (Fine Arts, Literature, Languages & Cultures)

- ☐ C-1 Art
- ☐ C-2 Literature Courses
- ☐ C-3a Language
- ☐ C-3b Multicultural

X D (Social Perspectives)**X E (Human Psychological and Physiological Perspectives)****X UDIGE/INTD Interdisciplinary****X Meets University Writing Requirement****Meets University Language Requirement**

☐ **American Institutions, Title V Section 40404:** ☐ Government ☐ US Constitution ☐ US History

Refer to website, Exec Order 405, for more information: <http://senate.csuci.edu/comm/curriculum/resources.htm>

☐ **Service Learning Course** (Approval from the Center for Community Engagement must be received before you can request this course attribute).

3. Justification and Requirements for the Course. (Make a brief statement to justify the need for the course)**A. Justification:**

This is an elective course for the psychology major and the finance option within the MVS School of Business & Economics. Behavioral Finance is an up-and-coming area in both business and psychology, having representatives among the recent Noble Laureates (2010 & 2002). This course will strengthen both programs.

B. Degree Requirement: ☐ Requirement for the Major/Minor

☒ Elective for the Major/Minor

☐ Free Elective

Note: Submit Program Modification if this course changes your program.

4. Student Learning Outcomes. (List in numerical order. You may wish to use the following resource in utilizing measurable verbs: <http://senate.csuci.edu/comm/curriculum/resources.htm>)

Upon completion of the course, the student will be able to:

1. Define the concept of behavioral finance (1,5)
2. Identify major psychological theories that relate to finance (1,5)
3. Explain the existence of psychological biases in decision-making (1,2,5)
4. Identify the impacts of these biases in financial markets and other financial settings (1,3,4)
5. Evaluate strength and weaknesses in existing behavioral finance studies (1,2,5)
6. Apply behavioral finance theories in financial management (1,2,4)

*Aligns with Program Learning Goals for: 1) Critical thinking, 2) Oral communication, 3) Written Communication, 4) Conduct (Ethics), 5) Competencies in discipline, 6) Collaboration

5. Course Content in Outline Form. [Be as brief as possible, but use as much space as necessary]

- Traditional finance: rational investors and efficient markets
- Introduction to behavioral finance
- History of behavioral finance
- Psychological biases in decision making
- Cognitive-behavioral psychology and finance

- Social psychology and finance
- Clinical psychology and finance
- The psychology of investor behavior
- The psychology of financial markets
- Applications of behavioral finance
- Behavioral finance market strategies

Does this course content overlap with a course offered in your academic program? **Yes** ☐ **No** ☒ X
 If YES, what course(s) and provide a justification of the overlap. ☐

Does this course content overlap a course offered in another academic area? **Yes** ☐ **No** ☒ X
 If YES, what course(s) and provide a justification of the overlap. ☐

Overlapping courses require Chairs' signatures.

6. Cross-listed Courses (Please note each prefix in item No. 1)

A. List Cross-listed Courses (Signature of Academic Chair(s) of the other academic area(s) is required).
 List each cross-listed prefix for the course: BUS , PSY

B. Program responsible for staffing: Business and Psychology

7. References. [Provide 3 - 5 references]

Ackert, L., and R. Deaves, 2010, *Behavioral finance: psychology, decision-making and markets*. Mason, Ohio: South-Western

Montier, J., 2010, *The little book of behavioral investing: How not to be your own work enemy*. Hoboken, NJ: John Wiley & Sons Inc.

Fox, J., 2009, *The myth of the rational market*. New York: HarperCollins Publishers.

Pompian, M., 2006, *Behavioral Finance and Wealth Management*. New Jersey: Wiley.

Gigerenzer, G., and Selten, R., 2002, *Bounded Rationality: The Adaptive Toolbox*. Cambridge, MA: The MIT Press.

Shefrin, H., 2002, *Beyond greed and fear: understanding behavioral finance and the psychology of investing*. New York: Oxford University Press.

8. Tenure Track Faculty Qualified to Teach This Course.

Psychology faculty members
 Finance faculty members

9. Requested Effective Date:

First semester offered: Fall 2012

10. New Resources Requested. **Yes** ☐ **No** ☒ X

If YES, list the resources needed.

A. Computer Needs (data processing, audio visual, broadcasting, other equipment, etc.)

None

B. Library Needs (streaming media, video hosting, databases, exhibit space, etc.)

None

C. Facility/Space/Transportation Needs

None

D. Lab Fee Requested (please refer to Dean's Office for additional processing) Yes ☐ No ☒

E. Other

☐

11. Will this new course alter any degree, credential, certificate, or minor in your program? Yes ☐ No ☒

If, YES attach a program update or program modification form for all programs affected.

Priority deadline for New Minors and Programs: October 4, 2010 of preceding year.

Priority deadline for Course Proposals and Modifications: October 15, 2010, of preceding year.

Last day to submit forms to be considered during the current academic year: April 15th.

Virgil Adams III, Priscilla Liang

4/1/2011

Proposer of Course (Type in name. Signatures will be collected after Curriculum approval)

Date

GE Committee response to your request have BUS-PSY330: Behavioral Finance: The Psychology of Decision-Making added to UDIGE: Upper Division Interdisciplinary GE

Approved on April 6th, 2011.

1. Emphasize interdisciplinarity by integrating content, ideas, and approaches from two or more disciplines

Behavioral finance examines the influence psychology has on the behavior of financial practitioners and the subsequent effect on financial markets. The course studies and applies content, ideas, and approaches from business, finance, psychology, and economic fields.

2. Include substantive written work consisting of in-class writing as well as outside class writing of revised prose. Examples of appropriate written work include: short papers, long papers, term papers, lab reports, documentation, disciplinary-based letters and memos, and essays.

Students will answer essays questions in their mid-term and final exams. This course will require students to complete a series of in class essays on cases presented as well as a comprehensive term paper. Through these assignments student will be required to complete substantive writing.

GE Committee response to your request have BUS-PSY330: Behavioral Finance: The Psychology of Decision-Making added to D: Social Perspectives

Approved on April 6th, 2011.

1. Promote understanding of how the issues relevant to social, political, contemporary/historical, economic, educational or psychological realities interact with each other within the realm of human experience

This course examines social psychological biases and heuristics in the business decision making process. It investigates the consequences of such behavioral decisions has with regards to the financial markets, business management, and economic policies. It also reviews the historical and current debates within social science which includes behavioral finance and behavioral economics in general, and addresses the impact of behavioral decisions on economic and political policy making.

2. Focus on how a social science discipline conceives and studies human existence

Behavioral finance applies psychology, in particularly, social psychology, to business decision making. In this course students will learn to integrate social psychological theories with investment and business finance. Through readings, discussions, and assignments students will be exposed to how social scientists view financial and economical interactions and their consequences.

3. Address issues using the methods commonly employed by a social science discipline

The course utilizes traditional/behavioral finance and social psychology theories, data analysis, and financial models to enrich students' learning experience. Students will write a series of reaction papers in which they are required to analyze how social psychological theories have impacted business and financial decisions made by companies and/or financial practitioners.

GE Committee response to your request have BUS-PSY330: Behavioral Finance: The Psychology of Decision-Making added to E: Human Physiological and Psychological Perspectives

Approved by on April 6th, 2011.

1. Focus on some aspect of human physiology, psychology, health, or physical activity

The course studies various psychological variables from social, clinical, and cognitive psychology perspectives. Students will be required to understand the psychological and physical factors that may lead to behavioral decisions made by financial practitioners in corporations, financial institutions, and investment fields.

2. Promote an understanding the humans, as physiological and psychological beings, exist and live in a social and physical environment

The course investigates the impact of psychology on human behavior, in particularly, the impact on business decision making process, and subsequent influence on financial markets and business/economic policies. For instance, the social psychological literature has shown that people dislike losses and will do almost anything to avoid them. This has direct impact on asset allocation decisions and financial market performance.

Approval Sheet

Program/Course: BUS-PSY 330

If your course has a General Education Component or involves Center affiliation, the Center will also sign off during the approval process.

Multiple Chair fields are available for cross-listed courses.

| | | |
|--|-----------|------|
| Program Chair | | |
| | Signature | Date |
| Program Chair | | |
| | Signature | Date |
| Program Chair | | |
| | Signature | Date |
| General Education Chair | | |
| | Signature | Date |
| Center for International Affairs Director | | |
| | Signature | Date |
| Center for Integrative Studies Director | | |
| | Signature | Date |
| Center for Multicultural Engagement Director | | |
| | Signature | Date |
| Center for Civic Engagement Director | | |
| | Signature | Date |
| Curriculum Chair | | |
| | Signature | Date |
| Dean of Faculty | | |
| | Signature | Date |