



Course Specifications

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|----------------------|------------------------------------|
| Course Title: | BEHAVIORAL FINANCE |
| Course Code: | FIN1438 |
| Program: | FINANCE & BANKING |
| Department: | FINANCE & BANKING |
| College: | COLLEGE OF BUSINESS ADMINISTRATION |
| Institution: | DAR AL ULOOM UNIVERSITY |

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A. Course Identification

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| 1. Credit hours: |
| 2. Course type |
| a. University <input type="checkbox"/> College <input type="checkbox"/> Department <input checked="" type="checkbox"/> Others <input type="checkbox"/> |
| b. Required <input type="checkbox"/> Elective <input checked="" type="checkbox"/> |
| 3. Level/year at which this course is offered: From Sixth level / Third year |
| 4. Pre-requisites for this course (if any): FIN1321 |
| 5. Co-requisites for this course (if any): NIL |

6. Mode of Instruction (mark all that apply)

| No | Mode of Instruction | Contact Hours | Percentage |
|----|-----------------------|---------------|------------|
| 1 | Traditional classroom | 45 | %100 |
| 2 | Blended | | |
| 3 | E-learning | | |
| 4 | Distance learning | | |
| 5 | Other | | |

7. Contact Hours (based on academic semester)

| No | Activity | Contact Hours |
|----|-------------------|---------------|
| 1 | Lecture | 45 |
| 2 | Laboratory/Studio | |
| 3 | Tutorial | |
| 4 | Others (specify) | |
| | Total | 45 |

B. Course Objectives and Learning Outcomes

1. Course Description

Behavioral finance is an exciting new and fast-growing area in finance, which takes as its premise that investment decision-making and investor behavior are not necessarily driven by 'rational' considerations but by aspects of personal and market psychology. Topics include descriptive theories on behavioral science foundation concepts, investor behavior and its effect on market outcomes, impact of principles of behavior on corporate financing decision and product offering of the financial services sector. The course will also explore the impact of moral values and ethics, or the lack thereof, on managerial decision-making and the impact on corporate culture, company outcomes and the behavior of individual investors, fund managers and corporate managers.

2. Course Main Objective

The main objective of the course is to provide students with basic knowledge and theories in behavioral finance, research tools and methodologies of behavioral finance on individual,

corporate and financial market level. Research works and recent developments in the area of behavioral finance will be analyzed.

3. Course Learning Outcomes

| CLOs | | Aligned PLOs |
|----------|--|--------------|
| 1 | Knowledge and Understanding | |
| 1.1 | Discuss the effect of cognitive biases, predictably and errors of judgment on financial decisions. | K1 |
| 1.2 | Describe the experimental methods in cognitive sciences. | K2 |
| 2 | Skills : | |
| 2.1 | Appraise the behavioral influences involving individual's investment decisions and finance professionals. | S2 |
| 2.2 | Appraise and recommend experimental designs to test behavioral hypotheses. | S1 |
| 2.3 | Examine the important developments in the area of behavioral finance and the associated practical insights they provide. | S1 |
| 3 | Values: | |
| 3.1 | Show accountability for their own learning and scientific work by being independent and self-directed learners. | V2 |
| 3.2 | Demonstrate an awareness of cultural values and biases, appreciate unconventional thinking and take intellectual risk. | V3 |

C. Course Content

| No | List of Topics | Contact Hours |
|--------------|---|---------------|
| 1 | Conventional finance, prospect theory and market efficiency | 6 |
| 2 | Behavioral science foundation | 6 |
| 3 | Investor behavior | 12 |
| 4 | Market outcomes | 9 |
| 5 | Corporate finance | 6 |
| 6 | Retirement, pensions, education, debasement and client management | 6 |
| Total | | 45 |

D. Teaching and Assessment

1. Alignment of Course Learning Outcomes with Teaching Strategies and Assessment Methods

| Code | Course Learning Outcomes | Teaching Strategies | Assessment Methods |
|------------|---|--|---|
| 1.0 | Knowledge and Understanding | | |
| 1.1 | Discuss the effect of cognitive biases, predictably and errors of judgment on financial decisions. | <ul style="list-style-type: none"> DIRECT | <ul style="list-style-type: none"> Written Exams Written Quizzes Project |
| 1.2 | Describe the experimental methods in cognitive sciences. | <ul style="list-style-type: none"> DIRECT | <ul style="list-style-type: none"> Written Exams Written Quizzes Project |
| 2.0 | Skills | | |
| 2.1 | Appraise the behavioral influences involving individual's investment decisions and finance professionals. | <ul style="list-style-type: none"> DIRECT INDIRECT | <ul style="list-style-type: none"> Written Exams Written Quizzes Project Case study |

| Code | Course Learning Outcomes | Teaching Strategies | Assessment Methods |
|------------|--|--|---|
| 2.2 | Appraise and recommend experimental designs to test behavioral hypotheses. | <ul style="list-style-type: none"> • DIRECT • INDIRECT | <ul style="list-style-type: none"> • Written Exams • Written Quizzes • Project • Case study |
| 2.3 | Examine the important developments in the area of behavioral finance and the associated practical insights they provide. | <ul style="list-style-type: none"> • DIRECT • INDIRECT | <ul style="list-style-type: none"> • Written Exams • Written Quizzes • Project • Case study |
| 3.0 | Values | | |
| 3.1 | Show accountability for their own learning and scientific work by being independent and self-directed learners. | <ul style="list-style-type: none"> • INTERACTIVE | <ul style="list-style-type: none"> • Project • Case study |
| 3.2 | Demonstrate an awareness of cultural values and biases, appreciate unconventional thinking and take intellectual risk. | <ul style="list-style-type: none"> • INTERACTIVE | <ul style="list-style-type: none"> • Project • Case study |

2. Assessment Tasks for Students

| # | Assessment task* | Week Due | Percentage of Total Assessment Score |
|---|--------------------|-----------|--------------------------------------|
| 1 | Quiz | 4,12 | 10% |
| 2 | Case study/Project | 4,6,10,12 | 20% |
| 3 | Mid term | 7 | 30% |
| 4 | Final Exam | 15 | 40% |

*Assessment task (i.e., written test, oral test, oral presentation, group project, essay, etc.)

E. Student Academic Counseling and Support

Arrangements for availability of faculty and teaching staff for individual student consultations and academic advice :

1. Eight Office hours weekly can be booked through the students' SIS account.
2. Online discussion through the LMS forums and instant messaging.
3. Instructor email available in the course syllabus.
4. Occasional mobile calls or SMS for urgent messages.

F. Learning Resources and Facilities

1. Learning Resources

| | |
|---------------------------------------|---|
| Required Textbooks | <ul style="list-style-type: none"> • Ackert, L. and Deaves, R. (2010), "<i>Behavioral Finance: Psychology, Decision-Making, and Markets</i>" (1st Edition), Cengage Publishing. |
| Essential References Materials | <ul style="list-style-type: none"> • Rolf Dobelli, Harper (2014). "<i>The Art of Thinking Clearly</i>" (Latest edition.). John Wiley Publications. |

| | |
|---------------------------------|--|
| | <ul style="list-style-type: none"> • Michael M. Pompian, (2012) , “Behavioral Finance and Investor Types: Managing Behavior to Make Better Investment Decisions”. (Wiley Finance) • Emerald Review of Behavioral Finance information • Journal of Behavioral Finance - Taylor & Francis |
| Electronic Materials | <ul style="list-style-type: none"> • Study materials are available through online resources available from the publisher • OPEN UNIVERSITY www.open.edu/openlearn/ • MIT COURSE WARE https://ocw.mit.edu/courses/sloan-school-of-management/ |
| Other Learning Materials | MS office tools |

2. Facilities Required

| Item | Resources |
|--|--|
| Accommodation (Classrooms, laboratories, demonstration rooms/labs, etc.) | Classroom. |
| Technology Resources (AV, data show, Smart Board, software, etc.) | Data show + smart boards. Internet access point. |
| Other Resources (Specify, e.g. if specific laboratory equipment is required, list requirements or attach a list) | Classroom. |

G. Course Quality Evaluation

| Evaluation Areas/Issues | Evaluators | Evaluation Methods |
|---|-----------------|--------------------|
| End of semester Course Evaluation. | Students | Indirect |
| Effectiveness of teaching and assessment. | Peer reviewer | Indirect |
| Course learning outcomes assessment. | Faculty members | Direct |
| Quality of learning resources | Students | Indirect |

Evaluation areas (e.g., Effectiveness of teaching and assessment, Extent of achievement of course learning outcomes, Quality of learning resources, etc.)

Evaluators (Students, Faculty, Program Leaders, Peer Reviewer, Others (specify)

Assessment Methods (Direct, Indirect)

H. Specification Approval Data

| | |
|----------------------------|--|
| Council / Committee | Finance Department |
| Reference No. | Meeting No.3 Second Semester 2021/2022 |
| Date | 17 th March, 2022 |

