

RUTGERS
School of Business | Camden
FIN 535 – Behavioral Finance
Spring 2023

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Course Description:

Behavioral finance is a field of study that combines psychology and economics to understand why people make financial decisions the way they do. It is based on the idea that people's financial decision-making is influenced by their emotional, cognitive, and social biases, rather than solely by rational analysis. Our focus is on the two main domains of behavioral finance: individual behavior and market outcomes. Through readings, experiments, conversations, and guest lectures by industry experts, you will develop a better understanding of human behavior and how it influences the financial world.

Course Objectives:

Upon successful completion of this course students should be able to:

1. Differentiate between neoclassical and behavioral explanations of financial decision making
2. Explain how common cognitive biases affect decision making
3. Evaluate challenges to traditional asset pricing models
4. Discuss real-world applications of behavioral finance
5. Engage in evidence-based discussions
6. Research advancements in behavioral finance
7. Communicate research findings

Class Materials

TEXT: Students are required to have access to the following textbook:

Ackert, L., and Deaves, R. (2010).

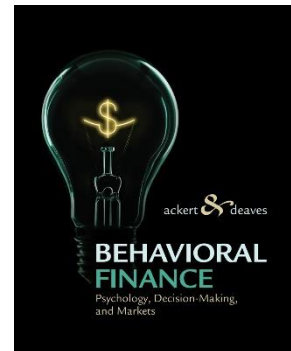
Behavioral Finance: Psychology, Decision-Making and Markets, 1st ed. Cengage.

There are many options available online to either purchase (new or used) or rent the textbook.

CANVAS: All other class materials can be obtained through Canvas.

To access this system, go to <http://canvas.rutgers.edu>, log in, and click on the course on the dashboard.

You are strongly encouraged to access this course in Canvas several times a week.



Course Format and Communications

This is an online course. Most weeks will be completed asynchronously. You can imagine the class “runs” seamlessly from Day 1 (Tuesday) to Day 7 (Monday) most weeks. You are responsible for completing readings, lectures, conversations, and assignments by the appropriate deadlines, which are listed in each Module’s Activity Table.

There are two guest lectures that will be streamed synchronously. The dates and times of the lectures will be announced on Canvas. You are highly encouraged to attend the guest lectures. If you are unable to attend a lecture, you will need to complete an alternative assignment.

Because this is an online class, a viable and reliable form of communication is vitally important. Note that all class communication will be through your **Rutgers email**. You are expected to check your Rutgers email at least two or three (equally spaced) times every week. All class announcements can also be accessed using the “Announcements” page in Canvas.

During the week, from Monday until Friday, I will try reply to all emails within 24 hours. Please do not expect an immediate response. (If you do not hear from me within 48 hours, please re-send your email because I might have overlooked or accidentally deleted it.) Although I check my emails a few times a day, I might not be able to completely answer all emails immediately on receiving them. I may not be able respond to weekend emails until Monday.

To be successful in the course, it is a critically important to complete the activities in each week’s learning module.

Course Components and Weighted Values

Assessment	Percentage
Lecture Quizzes	30%
Yellowdig Conversations	25%
Assignments	25%
Project 1	10%
Project 2	10%

Lecture Quizzes

Most modules will ask you to complete a lecture quiz. The quizzes are integrated into the lecture videos. Therefore, as you watch the lecture, you will need to answer questions. To do well on the quizzes, you should complete the assigned readings prior to watching the lecture and pay careful attention to the material presented in the lecture. **You are not allowed to submit your quiz after the deadline.** Your lowest quiz score will be dropped.

Yellowdig Conversations

Yellowdig is an online conversation platform. You receive points for interacting and engaging with your peers and me in Yellowdig conversations. Points are earned in the following ways: writing a post, writing a comment, receiving a comment, receiving an accolade, and receiving a reaction on your post or comment. To do well, you are strongly encouraged to contribute to our Yellowdig Community early and often throughout the semester. Full details of how to access and contribute to Yellowdig will be provided in Week 1.

Assignments

Most modules will require you to complete at least one assignment. An assignment may be a quiz, problem set, reflection paper, or some other opportunity to interact and reflect on the module's learning objectives. See each module for a description of that week's assignment(s). **Late assignments will not be accepted,** so make sure to submit your assignments by the appropriate deadline. Your lowest assignment score will be dropped.

Projects

Two projects will allow you to dive deeper into the implications of behavioral finance on individual behavior and market outcomes. Each project will require you to research a topic, write a short research paper, and present your findings. In addition, you will review your classmates' projects and provide feedback. Full details will be provided after the start of the term.

Grading Scale

Score Range	Grade
90%–100%	A
85%–90%	B+
80%–85%	B
75%–80%	C+
70%–75%	C
Below 70%	F

Key Dates

Spring 2023 classes begin	Tuesday, January 17th
Last day to drop classes w/o “W”	Thursday, January 26th
Last day to add classes	Thursday, January 26th
Spring break	Saturday, March 11th – Sunday, March 19th
Last day to withdraw with “W”	Monday, April 3rd
Regular classes end	Monday, May 1st
Reading days	Tuesday, May 2nd & Wednesday, May 3rd
Final exam period	Thursday, May 4th – Wednesday, May 10th

Academic Integrity

The Academic Integrity policy can be found at <http://studentconduct.rutgers.edu/student-conduct-processes/academic-integrity/>

Students are responsible for understanding the principles of academic integrity and abiding by them in all aspects of their work at the University. Students are also encouraged to help educate fellow students about academic integrity and to bring all alleged violations of academic integrity they encounter to the attention of the appropriate authorities.

Academic Integrity means that you (the student) must:

- properly acknowledge and cite all use of the ideas, results, or words of others,
- properly acknowledge all contributors to a given piece of work,
- make sure that all work submitted as your own in a course activity is your own and not from someone else
- obtain all data or results by ethical means and report them accurately
- treat all other students fairly with no encouragement of academic dishonesty

Adherence to these principles is necessary in order to ensure that:

- everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments
- all student work is fairly evaluated and no student has an inappropriate advantage over others
- the academic and ethical development of all students is fostered
- the reputation of the University for integrity is maintained and enhanced.

Failure to uphold these principles of academic integrity threatens both the reputation of the University and the value of the degrees awarded to its students. Every member of the University community therefore bears a responsibility for ensuring that the highest standards of academic integrity are upheld. Violations are taken seriously and will be handled according to University policy.

Student Code of Conduct

Rutgers University-Camden seeks a community that is free from violence, threats, and intimidation; is respectful of the rights, opportunities, and welfare of students, faculty, staff, and guests of the University; and does not threaten the physical or mental health or safety of members of the University community, including in classroom space.

As a student at the University you are expected adhere to the Code of Student Conduct. To review the code, go to the Office of Community Standards: <https://deanofstudents.camden.rutgers.edu/student-conduct>

Note that the conduct code specifically addresses disruptive classroom conduct, which means *"engaging in behavior that substantially or repeatedly interrupts either the instructor's ability to teach or student learning. The classroom extends to any setting where a student is engaged in work toward academic credit or satisfaction of program-based requirements or related activities."*

Support Services

The University is committed to supporting the learning of all students and faculty will provide accommodations as indicated in a Letter of Accommodation issued by the Office of Disability Services (ODS). If you have already registered with ODS and have your letter of accommodations, please share this with me early in the course. If you have or think you have a disability (learning, sensory, physical, chronic health, mental health or attentional), please contact <https://success.camden.rutgers.edu/disability-services>.

Accommodations will be provided only for students with a letter of accommodation from ODS. Their services are free and confidential. Letters only provide information about the accommodation, not about the disability or diagnosis.

Etiquette Expectations for Online Students

The following protocols on the codes of behavior reflect professional business norms on manners, courtesy, and respect. (*In general, you should treat others as you would like others to treat yourself. Be mindful that what is acceptable in a text or chatroom with friends may not be appropriate in a classroom or in an online conversation with an instructor.*)

Even though many of you are already aware of these protocols, they are explicitly stated here so that everyone is cognizant of the same protocols. These protocols should be followed by all students taking this course to help ensure the online experiences for everyone involved are pleasant. They are as follows:

- If you were to send an e-mail to the professor / tutor, please address the person appropriately such as “Dr.” or “Mr./Ms.” ,not ‘Hey’. Note that I will address you with your first name, unless you prefer that I address you differently.
- When sending an e-mail, you can get better attention by using the following guidelines:
 - use descriptive subject lines, (I am sure you have received a lot of Spam e-mails and I have occasionally and accidentally deleted student e-mails that I thought was Spam.)
 - please be as brief as possible by going straight to the point, and if possible, limit the use of attachments

Never send offensive and insulting messages* (this is a violation of the Student Code of Conduct). If you disagree, say so and state your reasons. Social media is a very powerful tool for communication. However, it can be badly misused if it is not used correctly or professionally. For example, you may have personal and legitimate concerns with this course. However, other students, who do not have similar feelings, can be negatively influenced by your concerns. This will unnecessarily and negatively affect their overall experience of the course. Therefore, to minimize such an occurrence, please feel free to directly contact the instructor/tutor first to resolve any concerns that you may have to help ensure that everyone’s online experience of this course is beneficial.

- Always guard against inciting others when it comes to content, opinions, etc. That is, avoid blaming or accusing others of wrong doing.
- Do not start a volley of back-and-forth e-mails, with copies distributed to every student in the class.
- Copy the minimum number of people. That is, send e-mails to only the people you think should receive and will benefit from it.
- Treat all e-mails and postings as permanent forms of written record and do not expect that any your e-mail communications to be private, unless stated otherwise. Instead, assume that all e-mail communications are public.
- Do not publicize your own or others’ personal information (such as email, phone numbers, last names, etc.)

Course Schedule

Listed below is the tentative topics each module will cover. Note that these topics may be subject to change; any changes in topics will be announced in Canvas. See each module's activity table for a detailed list of readings, lectures, and assignments.

Module	Topic(s)
Module 1	Course Introduction
Module 2	Foundations of Finance I: Expected Utility Theory
Module 3	Prospect Theory, Framing, and Mental Accounting
Module 4	Heuristics and Biases I
Module 5	Heuristics and Biases II
Module 6	Heuristics, Biases, and Financial Decision-making
Module 7	Emotions
Module 8	Guest Lecture: Behavioral Finance and Individual Behavior
Module 9	Project 1
Module 10	Foundations of Finance II: Asset Pricing, Market Efficiency, and Agency Relationships
Module 11	Challenges to Market Efficiency
Module 12	Behavioral Explanations of Anomalies
Module 13	Guest Lecture: Behavioral Finance and Market Outcomes
Module 14	Behavioral Explanations of Stock Market Puzzles
Module 15	Project 2