

**Alfred Lerner College of Business and Economics
Department of Finance
306 Purnell Hall
302-831-1484**

**2005 Proposal for Revision
of the Finance Major**

UNIVERSITY FACULTY SENATE FORMS

Note: This electronic file containing the Proposals does not include the signature page with handwritten signatures. that page has been provided in hard copy to the Senate Office. When printing this document, please choose "Document and Markups" from the pull-down menu on the Print dialog box; otherwise, some titles may not print properly.

Academic Program Approval

This form is a routing document for the approval of new and revised academic programs. Proposing department should complete this form. For more information, call the Faculty Senate Office at 831-2921.

Submitted by: Paul Laux phone number 831-6598

Action: Several specific revisions in degree requirements
(Example: add major/minor/concentration, delete major/minor/concentration, revise major/minor/concentration, academic unit name change, request for permanent status, policy change, etc.)

Effective term 06F
(use format 04F, 05W)

Current degree BS – Finance
(Example: BA, BACH, BACJ, HBA, EDD, MA, MBA, etc.)

Proposed change leads to the degree of: BS – Finance
(Example: BA, BACH, BACJ, HBA, EDD, MA, MBA, etc.)

Proposed name: BS – Finance
Proposed new name for revised or new major / minor / concentration / academic unit (if applicable)

Revising or Deleting:

Undergraduate major / Concentration: Finance
(Example: Applied Music – Instrumental degree BMAS)

Undergraduate minor: -----
(Example: African Studies, Business Administration, English, Leadership, etc.)

Graduate Program Policy statement change: -----
(Attach your Graduate Program Policy Statement)

Graduate Program of Study: -----
(Example: Animal Science: MS Animal Science: PHD Economics: MA Economics: PHD)

Graduate minor / concentration: -----

List program changes for curriculum revisions:

Please see the attached pages.

Finance Department Curriculum Change Proposals

The Finance Department, on a vote of the Faculty and with the full support of the Chairperson, proposes a set of changes to update and add flexibility to its undergraduate major, the Bachelor of Science in Finance. The Chairman of the Lerner College Curriculum Committee, acting on a vote of the College Faculty, and Dean have both signed their approval. We now ask the Faculty Senate to approve these proposals as amended.

The proposals are intended to enhance the value of the Finance major for our students. These proposals are part of a natural development process that is ongoing. If implemented, these proposals provide for a Finance major with three required Finance courses and three Finance elective courses. Adjustments in prerequisites provide students with the ability to complete more Finance courses before their pre-senior summer, thereby being better prepared for substantive internships. Other adjustments provide various improvements that fit within the Department's philosophy of a rigorous program with strong preparation in fundamentals, strong preparation for career paths, and intellectual richness.

The orientation of these proposals is that students graduating from the University of Delaware with a Bachelor of Science in Finance should share a common body of knowledge augmented by an in-depth understanding in more specific areas of study. Further, the common body of knowledge should be contained in the required courses for Finance majors and the more in-depth and specific topic areas should be covered in elective courses. The program should provide for crucial communications development at an optimal stage of the program. Finally, the program should provide intellectual richness by allowing for a broad coverage of other areas of thought and knowledge.

The proposed changes do not require any new courses, nor do they require new resources from any Department. These changes, which should be highly beneficial to students in the major, have minimal impact outside the Finance Department. The most substantial adjustments involve courses taught directly by the Department.

Originally the Department had also proposed a change in oral/written communication requirements. This proposal has since been withdrawn and the other proposals renumbered.

The proposed changes have been under development for more than one year, at least since the 2004 Department of Finance Academic Program Review (APR). At that time, a group of highly-qualified External Reviewers commented on the finance curriculum. Although the External Reviewers noted that the Finance Department was perceived as offering a strong program, they noted some concerns as well. In particular, they thought that the program was unusually highly-structured and might not be maximally conducive to internships, and also some concerns about overlap in some courses. The Department considered these comments both formally and informally over a period of months, and undertook a study process. A Departmental Task Force was established, which eventually proposed a set of changes. The Task Force's work included discussion, reports from professors in other Departments, student surveys, and investigation of curricula at other Universities. The Task Force produced two extensive reports, which were extremely helpful to the Department in developing these proposals. The

Task Force's proposals have since been reviewed by our Departmental Curriculum Committee, as stipulated in our By-Laws, and now have been approved by vote of the full Department. Thus, we recommend these proposals only after a very full, careful, open, and well-informed consideration process. As noted above, these proposals have also been approved at the College level by a vote of the full faculty, and have been approved by the Faculty Senate Undergraduate Studies Committee.

Seven specific proposals are listed below. We also provide a statement of the relevant current requirement that would be changed, as well as the rationale for each proposal. Following the proposals, we include a copy of the current Finance curriculum and a copy of the curriculum as proposed. We also include a table to compare the current and proposed requirements. We request that all the proposals be approved as a group, for they are interdependent. If necessary, we note that Proposal 1 could be considered as a separate item.

Proposal 1

Finance majors are required to take 9 credits in the Social Sciences composed of 3 credits from Economics (300-level or higher except ECON 302) and 6 credits from Anthropology, Economics course 300-level or higher (except ECON 302), Geography, Political Science and International Relations, Psychology, Sociology (except Criminal Justice), Black American Studies, or Women's Studies (except any course that would qualify as under humanities).

Current Requirement: Finance majors are required to take a total of 12 credits comprised of 3 credits in Economics (200-level or higher), 3 credits in Psychology or Sociology and 6 credits from Anthropology, Economics (200-level or higher), Geography, Political Science and International Relations, Psychology or Sociology (except Criminal Justice). No more than six credits may be taken in one department to fulfill Social and Behavioral Science requirements.

Rationale: The specific requirements in Psychology and Sociology were enacted when the Finance major was still encompassed within Business Administration. Some of the fundamental precepts of Management and Marketing are based on Psychology and Sociology and therefore, majors in these areas should have more background in those disciplines. However, the discipline of Finance is more heavily in Economics, so Finance majors would benefit being required to take higher level courses in Economics and being accorded the flexibility to take other courses that fit their particular needs and interests.

This proposal, in the context of the full program, does not change the total number of required hours. Rather, it results in an increased number of free electives for courses outside the Lerner College. We believe this outcome is appropriate for two reasons. First, the Department is engaged in ongoing development that might affect the number of such free electives. Most obviously, work is ongoing in the College for a Freshman Experience-related course that would require three credit hours. Within the Department, there is discussion on an additional course in accounting and an internship experience, as well as various new Finance electives. Some other College programs involve a Second Writing Requirement, which has some appeal as a future addition to our major. Second, we wish to enable students to pursue double majors outside the Lerner College and to engage in more extensive Study Abroad, which is directly accomplished by providing additional free elective flexibility. As these developments are forward looking, we prefer to provide the flexibility and additional breadth of the additional free elective hours.

Proposal 2

Eliminate Accounting II (ACCT 208) as a prerequisite for Principles of Finance (FINC 311).

Current Requirement: Both Accounting I (ACCT 207) and Accounting II (Acct 208) are prerequisites for Principles of Finance (FINC 311).

Rationale: One of the major concerns brought forth by the External Reviewers during the APR was that Finance majors have usually only completed their introductory Finance course by the time when they must interview for internships, typically during the spring semester of their junior year. The reviewers thought that this could put University of Delaware students at a competitive disadvantage in the market for high quality internships, which are becoming a precondition for permanent positions in higher paying fields such as investment banking and asset management. Jack Townsend, Director, MBNA Career Services Center, confirmed some of the External Reviewers' contentions in an email to the Task Force. He noted that in accounting, where internships have a longer history, students have more extensive early preparation in the subject area.

Eliminating Accounting II as a prerequisite for Principles of Finance (FINC 311) allows Finance majors the opportunity to take Intermediate Financial Management (FINC 312) and Securities Analysis (FINC 407) in the Fall of their Junior year. Then students would then be more prepared for internship interviews which usually occur in the Spring of the student's Junior year. The Department could inform students of these opportunities via advising, literature, and perhaps informal career tracks within the curriculum. Consideration of such mechanisms will be ongoing.

Both Accounting I (ACCT 207) and Accounting II (ACCT 208) contain knowledge essential for Finance majors. Both continue to be required for all Finance majors. However, only ACCT 207, which is financial accounting, is necessary before taking Principles of Finance (FINC 311).

Proposal 3

Require Finance majors to take three required courses in Finance: Principles of Finance (FINC 311), Intermediate Financial Management (FINC 312) and Securities Analysis (FINC 407) and three elective courses in Finance from the following: Financial Markets (FINC 313), Financial Institutions (FINC 412), Advanced Corporate Finance (FINC 413), Bank Management (FINC 414), International Finance (FINC 415), Advanced Investments (FINC 416), Real Estate Finance (FINC 417), and Seminar in Corporate Governance (FINC 418). If Proposal 6 below is approved, the reference in this proposal to “Securities Analysis (FINC 407)” would be amended to “Investments (FINC 314).”

Current Requirement: Finance majors are required to take Principles of Finance (FINC 311), Intermediate Financial Management (FINC 312), Securities Analysis (407), Financial Markets (FINC 313) and Financial Institutions (FINC 412), and one elective course in Finance from the following: Advanced Corporate Finance (FINC 413), Bank Management (FINC 414), International Finance (FINC 415), Advanced Investments (FINC 416), Real Estate Finance (FINC 417), and Seminar in Corporate Governance (FINC 418).

Rationale: As part of the APR, the External Reviewers noted that the Finance program was relatively highly structured and lacked flexibility. The members of the Task Force agreed with this assessment, one member even going as far as describing the program as “lockstep.” Another suggestion by the External Reviewers is that the Finance Department consider changing the status of one or more courses from “required” to “elective.” This would increase the number of electives relative to required courses and allow students to take an elective in their junior year. The reviewers reported that, in their interviews, the course most commonly cited as being appropriate for a change in required status was FINC 313.

The Departmental Task Force collected information on core topic areas from faculty, reviewed Departmental syllabi, and engaged in extensive discussion with Department faculty in a set of open meetings over a period of months. The Task Force surveyed students, with particular focus on the issues of this proposal. The Task Force also examined additional Finance Programs and found that an intermediate level corporate finance course and a course in investments were almost universally required. The Task Force also found that almost all programs allowed for students to take more than one elective. The Task Force decided, in effect, that the Reviewers views had substantial merit, and proposed accordingly. A number of other responses and proposals were considered in the process. The full Department also focused on the issue of this proposal in its discussions at Department Meetings, and even discussed specific alternatives.

The courses in the proposal are all courses listed in the University of Delaware 2004-2005 Course Catalog. The list of elective courses offered by the Finance Department may change to reflect the needs and interests of its students.

Proposal 4

Eliminate Financial Markets (FINC 313) as a pre-requisite for Securities Analysis (FINC 407) and International Finance (FINC 415).

Current Requirement: Financial Markets (FINC 313) is a prerequisite for Securities Analysis (FINC 407) and International Finance (FINC 415).

Rationale: The Department wishes to simplify and condense the prerequisite structure, which has been somewhat restrictive when compared to peer institutions. During its deliberations the Task Force engaged in discussion with the current instructors of these courses and their feedback supported eliminating Financial Markets (FINC 313) as a prerequisite. Securities Analysis (FINC 407) is primarily concerned with equity markets, whereas the content of Financial Markets (FINC 313) focuses on fixed income markets. International Finance (FINC 415) is concerned with corporate issues such as capital budgeting, financing, risk management, working capital management and exchange rates.

Proposal 5

Rename “Securities Analysis” (FINC 407) to “Investments” and change number to 300 level, reflecting its required nature. We suggest FINC 314.

Rationale: The course as taught is a course in investments not securities analysis, which is a separate area of study. Investments is a standard required course in very many finance curricula.

In deliberations, the Department understood that additional content on fixed income securities would be added to this course, given that some such coverage is proposed (in another item) to be removed from the set of required courses.

Proposal 6

Rename “Advanced Investments” (FINC 416) to “Derivative Securities and Risk Management” and rewrite catalog description to more accurately reflect the content of the course.

Catalog description to read:

Examines the trading, valuation and theory of pricing futures and forward contracts, options, swaps and other derivative securities. Emphasis is placed on the use of derivatives for hedging and risk management.

Current status: The catalog description of this course reads, “Examines such areas as portfolio theory, stock and bond valuation and management of portfolios, market efficiency, and derivative security pricing. Topics vary by semester.”

Rationale: In fact, the course has been taught as a course in futures, options and other derivative assets for several years. This is a rather standard course in finance curricula. Current syllabi substantiate that this course focuses on derivative securities and risk management.

The External Reviewers indicated that UD’s Finance Program is perceived as possibly lacking topic coverage in its area, a perception that might be shared by others given the current title of the course. Renaming the course and revising the catalog description to more accurately reflect the course content will help correct the misperception that derivative securities are not covered in the curriculum.

Proposal 7

Rewrite catalog description for Financial Markets (FINC 313) to more accurately reflect that fixed income securities comprise a substantial component of the course.

Catalog description to read:

Analyses domestic and international financial markets and examines the characteristics of market makers such as investment bankers, brokers, and dealers. The focus is on the fixed income financial instruments used in money and capital markets with emphasis on relevant risk, liquidity, and risk-return trade-offs.

Current status: The 2004-2005 catalog description of FINC 313 reads, “Analyzes domestic and international financial markets, and examines the characteristics of market makers such as investment bankers, brokers, and dealers. Describes the financial instruments used in money and capital markets and their relevant risk, liquidity, and risk-return trade-offs.”

Rationale: The course, as taught, has a substantial emphasis on fixed income securities and markets. However, the External Reviewers found a perceived lack of coverage in this area in the curriculum. Changing the course description to more accurately reflect the course content should help correct this misperception.

Further Intentions for Program Improvement

In view of the increased student choice implicit in the proposals, the Department will engage in an ongoing process to determine the extent to which we will develop and encourage our students to choose Finance courses by “emphasis of interest” or “career tracks.” Choosing an “emphasis of interest” would be voluntary and students would be free to mix and match.

Additionally, in view of the fact that students might choose to complete their Finance courses at an earlier stage, the Department will consider the development of some “senior experience” that would help them to cap their intellectual study of finance and prepare for their transition to a career. We have begun an internship-oriented pilot program that may grow into a course of this type.

The Department would expect to develop some additional elective courses over time, taking advantage of the flexibility implicit in this proposed program. The Department might also work with other Departments in the College toward the development of additional courses especially suited for modern finance majors (for example, a course in intermediate Accounting for finance majors, or a cross-listed course in Economics and Finance).

In the process of discussing these proposals with Faculty Senate committees, several possibilities for improving education in written/oral communications were developed. We expect ongoing discussions and, we hope, course development. We appreciate the participation and support of the Dean of the College of Arts and Sciences in those discussions.

Finally, the Department is engaged in ongoing consideration of further “Freshman Experience” development. Our current Freshman Experience, offered at the College level, does not require a full 3-credit course, but the main development path under discussion would do so. It is not the intention of these proposals to address that upcoming development, though we do mean to set the stage for its arrival.

Appendices

- A. Proposed Curriculum
- B. Current Curriculum
- C. Tabular comparison of Current and Proposed Credit Hour Allocations

Proposed Requirement for a Bachelor of Science in Finance

UNIVERSITY REQUIREMENTS

ENGL 110 Critical Reading and Writing.....	3
Approved multi-cultural course.....	3

MAJOR REQUIREMENTS

Humanities.....	12
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Art History, History, English (except composition or similar courses), Foreign Languages (up to 6 of the allowable 9 credits may be grammar courses), Philosophy, Music (except credit for participation in instrumental and/or choral organizations), Theatre, Comparative Literature, and literature courses in a foreign language or up to 6 hours of a foreign language. No more than nine credits may be taken in one department.

Economics (300-level or higher excluding ECON 302).....	3
Six Credits from)	6
Anthropology, Economics (300-level or higher excluding ECON 302), Geography, Political Science and International Relations, Psychology or Sociology (except Criminal Justice), Black American Studies, or Women's Studies (except courses that would qualify as under Humanities).	

COMM 212 Oral Communication in Business.....	3
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MATH 221 Calculus	3
MATH 230 Finite Mathematics with Applications	3
MATH 201/202 Introduction to Statistics I and II.....	6

One of the following courses.....	3
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ENGL 301 Expository Writing	
ENGL 312 Written Communication in Business	
ENGL 410 Technical Writing	
ENGL 415 Writing in the Professions	

Seven credits including one lab credit from:	7
Animal Science, Biological Sciences, Chemistry, Entomology, Geology, Marine Studies, Physics, Plant Science, and Science.	

ECON 151 Introduction to Microeconomics: Prices and Markets.....	3
ECON 152 Introduction to Macroeconomics: National Economy.....	3
ECON 302 Banking and Monetary Policy.....	3
ACCT 160 Introduction to Business Information Systems I.....	3
ACCT 207 Accounting I.....	3
ACCT 208 Accounting II.....	3
ACCT 261 Introduction to Business Information Systems.....	3
ACCT 352 Law and Social Issues in Business.....	3
BUAD 301 Introduction to Marketing.....	3
BUAD 306 Operations Management.....	3
BUAD 309 Management and Organizational Behavior.....	3
BUAD 441 Business Strategy.....	3

FINC 311	Principles of Finance.....	3
FINC 312	Intermediate Financial.....	3
FINC 407	Securities Analysis.....	3
Three of the following:		9

FINC 313	Financial Markets
FINC 412	Financial Institutions
FINC 413	Advanced Corporate Finance
FINC 414	Bank Management
FINC 415	International Finance
FINC 416	Advanced Investments
FINC 417	Real Estate Finance
FINC 418	Seminar: Corporate Governance

PROFESSIONAL ELECTIVES

3 credits from ACCT, BUAD, FINC or BUEC (300-level or higher).....	3
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ELECTIVES

After required courses are completed, sufficient credits must be taken to meet the minimum credits required for the degree. Electives should be taken from courses outside the Alfred Lerner College of Business and Economics with no more than two credits from HESC 120.

CREDITS TO TOTAL A MINIMUM OF.....	121
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Current Requirements for the Bachelor of Science in Finance

DEGREE: BACHELOR OF SCIENCE MAJOR: FINANCE

CURRICULUM

CREDITS

UNIVERSITY REQUIREMENTS

ENGL 110	Critical Reading and Writing (minimum grade C-)	3
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Three credits in an approved course or courses stressing multi-cultural, ethnic, and/or gender-related course content (see p. 60-63) 3

MAJOR REQUIREMENTS

Twelve Humanities credits from: 12

Art History, History, English (except composition or similar courses), Foreign Languages (up to 6 of the allowable 9 credits may be grammar courses), Philosophy, Music (except credit for participation in instrumental and/or choral organizations), Theatre, Comparative Literature, and literature courses in a foreign language or up to 6 hours of a foreign language. No more than nine credits may be taken in one department.

Economics (200-level or higher) 3

Psychology or Sociology 3

Six credits from: 6

Anthropology, Economics (200-level or higher), Geography, Political Science and International Relations, Psychology or Sociology (except Criminal Justice). No more than six credits may be taken in one department to fulfill Social and Behavioral Science requirements.

COMM 312 Oral Communication in Business 3

MATH 221 Calculus I 3

MATH 230 Finite Mathematics with Applications 3

MATH 201/202 Introduction to Statistics I and II 6

One of the following courses: 3

ENGL 301	Expository Writing	
ENGL 312	Written Communication in Business	
ENGL 410	Technical Writing	
ENGL 415	Writing in the Professions	

Seven Natural and Physical Science credits including one lab credit from: . . . 7

Animal Science, Biological Sciences, Chemistry, Entomology, Geology, Marine Studies, Physics, Plant Science, and Science.

ECON 151 Introduction to Microeconomics: Prices and Markets
(minimum grade C-) 3

ECON 152 Introduction to Macroeconomics: National Economy
(minimum grade C-) 3

ECON 302 Banking and Monetary Policy 3

ACCT 160 Introduction to Business Information Systems I 3

ACCT 207 Accounting I (minimum grade C-) 3

ACCT 208 Accounting II (minimum grade C-) 3

ACCT 261 Introduction to Business Information System II 3

ACCT 352 Law and Social Issues in Business 3

BUAD 301 Introduction to Marketing
(minimum grade C-) 3

BUAD 306 Operations Management
(minimum grade C-) 3

BUAD 309 Management and Organizational Behavior
(minimum grade C-) 3

BUAD 441 Business Policy (minimum grade C-) 3

Only one of the following will count toward graduation:

ACCT 261 or ACCT 302.

Students must earn a grade of C- or better in all but one of the following: FINC 312, FINC 313, FINC 407, FINC 412, FINC 413, FINC 414, FINC 415, FINC 416, FINC 417, FINC 418.

FINC 311 Principles of Finance
(minimum grade C-) 3

FINC 312 Intermediate Financial Management 3

FINC 313 Financial Markets 3

FINC 407 Securities Analysis 3

FINC 412 Financial Institutions 3

One of the following six courses: 3

FINC 413 Advanced Corporate Finance

FINC 414 Bank Management

FINC 415	International Finance
FINC 416	Advanced Investments
FINC 417	Real Estate Finance
FINC 418	Seminar: Corporate Governance

Professional Electives

3 credits from ACCT, BUAD, FINC or BUEC (300-level or higher) 3

ELECTIVES

After required courses are completed, sufficient credits must be taken to meet the minimum credits required for the degree. Electives should be taken from courses outside the Alfred Lerner College of Business and Economics, with no more than two credits from HESC 120.

CREDITS TO TOTAL A MINIMUM OF 121

HONORS BACHELOR OF SCIENCE: FINANCE

The recipient must complete:

1. All requirements for the Bachelor of Science in Business Administration: Finance.
2. All of the University's generic requirements for the Honors Baccalaureate degree (see page 45 of this catalog).

The Honors credits in the major must include at least six credits in BUAD and/or FINC courses. They may include required courses from other departments in the Lerner College.

Proposed Revisions to Finance Major, 2006

This table provides a side-by-side comparison of credit hour usage in current and proposed curricula. Requirements categories are stated using terms that facilitate comparison, rather than to match the catalog language exactly.

Requirement Category	<u>Credit Hours in Category</u>		Difference
	Current Curriculum	Proposed Curriculum	
ENGL 110	3	3	0
Multicultural course	3	3	0
Humanities	12	12	0
Econ 200+	3		-3
Econ 300+		3	3
Psych or Soc	3		-3
(Other) Social Science	6	6	0
Written/Oral Communication	6	6	0
MATH 221	3	3	0
MATH 230	3	3	0
MATH 201/202	6	6	0
Sciences and Lab	7	7	0
ECON 151	3	3	0
ECON 152	3	3	0
ECON 302	3	3	0
ACCT 160	3	3	0
ACCT 207	3	3	0
ACCT 208	3	3	0
ACCT 261	3	3	0
ACCT 352	3	3	0
BUAD 301	3	3	0
BUAD 306	3	3	0
BUAD 309	3	3	0
BUAD 441	3	3	0
FINC 311	3	3	0
FINC 312	3	3	0
FINC 313	3		-3
OLD FINC 407/NEW FINC 314	3	3	0
FINC 412	3		-3
FINC Electives	3	9	6
Professional Electives	3	3	0
Free Electives*	9	12	3
Total	121	121	0

* Increase in free electives facilitates minors/double majors, and ongoing future development of the program (Freshman Experience, Problem-based learning, Internship Program, Second Writing Requirement are among the possibilities)