COURSE GOALS

This course is an introduction to the fundamentals of finance to a beginner. The main goal of this course is to make finance accessible to anyone, anywhere.

Taking this course will enable you to make smart decisions for yourself, including personal saving and investment decisions. The beauty of finance is that it is both a way of thinking and a set of tools that enable you to act on your thinking. In my view, financial thinking and decision-making needs to be introduced to learners as early as possible in the education process, even high school. This course is an attempt to address this need, while simultaneously serving as an accessible and applied introduction to finance to anyone, of any age, keen on learning how the world works.

WHY THIS COURSE?

I have been fortunate to have numerous years of experience in programs ranging from undergraduate to PhD, and to audiences ranging from college students to senior executives. This course has been specifically motivated by the enriching experience of offering many digital courses worldwide to over a million learners over the past five years.

The feedback from the learners has been very rewarding and uplifting to me and has motivated me to push myself harder and create more learning experiences. As you probably know, learners in MOOCs come from very different backgrounds and have different motivations for learning. One feedback that I have received consistently across all types of learners is that the content be made more modular. The second type of feedback I have received was on the “level” of the content: many want a course that is more accessible to someone without a background in accounting, economics and/or statistics. But a significant proportion of learners have also requested more advanced content.

As the title of this course reflects, it is meant to serve as a real introductory exposure to finance. It is more modular and shorter but with applications that will help you learn. While introductory in nature, the course is very applied and therefore challenging.
SECOND VERSION
This is the second version of this course; it has been redesigned to serve as a real introduction to finance. The first version was an experiment to figure out what works for a beginner while simultaneously giving you a glimpse of the beauty of finance. The course deliberately contained both introductory and advanced content and assessments in each topic.

I have made several changes based on the feedback and learning patterns of thousands of learners in the first offering. Jayashree Sundar has been instrumental in monitoring the forums and providing continued and detailed feedback to make the course more focused on the needs of a beginner. First, I have focused the course entirely on how an individual would benefit from an understanding of finance in their personal lives. The first three modules/weeks of content emphasize the basics of finance with applications that many people are likely to confront daily. Second, I have modified the content of some topics (specifically bonds and stocks) to cover foundational material, rather than advanced topics. Finally, I have modified the assessments to make them more relevant and accessible to a beginner. I have paid special attention to the request from many learners to offer Practice Assignments in each section, followed by similar Graded Assignments. You will therefore get an opportunity to practice different types of problems as often as you like, before moving on to the Graded Assignments.

COURSE DESCRIPTION
The course has been developed with the express purpose of enabling the learner to use the foundational principle and framework of Time Value of Money (TVM) to understand and evaluate the simplest to the seemingly complicated choices we confront all the time. The course is not about money, but about value. We will spend six weeks to first get familiar with the concepts and tools of TVM and then apply them to a wide range of real world phenomena. You will develop a conceptual and practical understanding of how TVM can be used to evaluate different choices you confront and comprehend how the world works.

PEDAGOGY: THE IMPORTANCE OF PROBLEM SOLVING
This is an introductory course meant for anyone with the curiosity to understand the fundamentals of financial transactions. I deliberately focus on practical applications, even in the videos that I have created (which are all new and created for this specific course). Finance lends itself to this style because it is everywhere and it is easy to find examples that mean something to each one of us. I strongly believe however that you learn only if you want to and are willing to practice problem-solving. Therefore, please attempt every
problem in the videos before we do it together. You will also be required to submit several assignments containing multiple problem-solving exercises. Some of these problems are by design more complex than the examples we will do in “class” (the videos) because class time needs to be devoted to developing an understanding of the issues and concepts. As mentioned above, each module will have two assessments, the first one will be a practice problem set and the second one will be a graded assignment containing very similar problems.

We have carefully coordinated both the content and the pace of the course. The examples and assignments in the course will be specific and focused to enable you to learn the basic tools and techniques, yet they will capture most of the key characteristics of typical real world situations we confront.

PREREQUISITES

I do not believe in prerequisites, except for a sense of curiosity and an attitude. A comfort level with algebra and numbers and ease with “word problems” will help. To get a lot out of this course, you will need to devote a fair amount of time to problem solving.

COURSE MATERIALS

VIDEOS

The main resources provided by me for this digital course are the videos, organized into six modules. The length of each module depends on the topic and videos are broken up into bite size pieces. I have worked with professionals to edit the videos, but I encourage you to pace yourself according to your style and background. Most importantly, there are numerous examples/problems in all the videos, and I recommend that you try and take every opportunity to attempt an exercise before you see me analyze it. We have tried to create breaks wherever possible to facilitate this process, but I do not want the videos to become like TV advertisements: short and exciting, but with no real content. Learning to me is an investment in yourself rather than consumption/entertainment and therefore is fundamentally challenging.

I provide only limited notes to accompany the videos because I want you to create your own notes as you watch and listen to the presentations. The best part about this digital course is that you can pause, rewind, and fast-forward the videos at will. You can play them at faster speeds whenever needed. But it is also easy for us to become passive participants. I want us to be active listeners and I encourage you to make your own notes. This will help you understand and learn the material well, assuming of course that you find me engaging.
If you do that, you will only need textbooks or other materials for additional, more in-depth information. I encourage you to go beyond the course content, depending on course on your comfort level, especially because of the introductory nature of the course.

**ADDITIONAL RESOURCES**

We will provide you with several additional resources. First, we have prepared some brief **notes** that cover some basic content. Most importantly, we have constructed several assignments/assessments that will be critical to the learning process.

**TEXTBOOK**

There is no textbook for this course because I want it to be a free course and textbooks are expensive. You are therefore not required to purchase any book. One of my colleagues has graciously made his book available to read for free on the web. You must follow the guidelines provided by the author for use of the online material.


A PDF version of the book can be downloaded without charge at [http://book.ivo-welch.info/home/](http://book.ivo-welch.info/home/). You can also purchase a paperback version at the site. The material is copyrighted, however, and you are not permitted to distribute or posted it elsewhere. If this URL malfunctions, you can access the site by searching Ivo Welch on the web.

This book is referenced as IV in the detailed schedule.

There are several other books on finance and I encourage you to browse some. There are of course other online finance courses offered on edX, Coursera, NovoEd and other platforms.

Finally, since many of you may have had limited exposure to finance, it is important to read business and financial news regularly. Cruise the web as often as possible not only to uncover the wealth of information at your disposal, but to also learn how things work. A good web site to begin your search is [http://finance.yahoo.com](http://finance.yahoo.com).

**SPREADSHEETS**

The purpose of this course is to introduce you to frameworks that are also very applicable. I encourage you to first focus on setting up different types of problems, rather than the calculations. When you get to the calculations, you will find that technology just helps you do so much faster and more reliably. But, you will also realize that spreadsheets and
calculators simply calculate stuff after you tell them what to do; they are a means and not an end! If you set up a problem incorrectly, you will get an incorrect answer.

I am assuming you have access to a computer and the Internet and, therefore, to spreadsheets. I will use Excel at various points in the videos and provide a note on spreadsheets. You are responsible for learning how to use them. The assignments are a great way to do so as virtually all questions will require you to do calculations using either a spreadsheet or an alternative method.

ASSIGNMENTS

You will be evaluated based on “graded” material only, which is comprised of five Graded Assignments and a Final Exam. Please attempt the Practice Assignment in each module before attempting the Graded Assignment. While you have unlimited attempts at the Practice Assignments, you are allowed two attempts at each of the Graded Assignments and the Final Exam. Each Graded Assignment has five questions, while the Final Exam contains 10. Each question within a specific Graded Assignment or the Final Exam has the same weight. All assignments are crafted to help reinforce the learning of concepts and problems covered in class and the final exam tests you on the material covered in the entire course. I believe you will better understand the concepts by thinking through the issues involved in solving the assignment problems and learn Excel in the process. Please use the edX website to access and submit them.

NATURE OF ASSIGNMENTS AND FINAL EXAM

Since all grading will be conducted using technology, all questions will take a True/False, fill in the blank, or multiple-choice form. The questions will almost always be word problems, like the ones covered in class, but there will be one specific answer to each question. We have set up the grading process so that you get feedback that is supposed to make you think in the right way about the issues. We are constantly working on enriching the grading process to provide you feedback, eventually directed at each learner.

Due to the nature of the class and the high enrollments, all assignments and the final exam will be graded electronically. No person will be involved in the evaluation process. The technology used is ideally suited for grading and assessing performance and you will get instant feedback. The best preparation for the final is to understand all the problems done in class and in the assignments. Please read instructions for the questions/problems very carefully before you attempt to answer them. Given that we use technology to assess all your submissions it is important to follow all conventions.
COURSE GRADING AND CERTIFICATE

Your performance will be evaluated using a pass/fail grade. The philosophy behind our grading is to make sure you demonstrate adequate competency to be granted a certificate. We have therefore redesigned the course to provide a Practice Assignment in each module that you can attempt as often as you like. These are followed by Graded Assignments and you are provided two attempts at each to show your competence. The Final Exam also has two attempts. Please submit both attempts of each of the Graded Assignments and the Final Exam.

To get a grade of pass, you will need to obtain a score of at least 70% in the course, where:

The five Graded Assignments have a weight of 15% and the Final Exam has a weight of 25%. Please note that you will have two attempts at each and all your scores will determine your grade for the course.

You may of course attend the whole course without applying for a certificate. But a passing grade is necessary to receive a certificate.

TEACHING ASSISTANCE

Students from University of Michigan and past students from my MOOC have graciously helped me with my past MOOC offerings. Jayashree Sundar has graciously agreed to serve again as the course advocate and will monitor the forums. She has taken my MOOC and performed exceptionally well, and we have known each other for the past two years. More pertinently, she has done an outstanding job of serving as the course liaison of the first offering of this course. And Stephanie Haley and Lauren Atkins Budde will manage the delivery of the course. All the individuals managing the course are very dedicated and knowledgeable people and I am grateful for their help. Their task is challenging because they are expected to navigate the forums but intervene or help only when really needed. The Syllabus contains a lot of information about the class; when in doubt about something, refer to it. And, again, use each other as resources to clarify issues ranging from how to use a browser to what is life really all about.
IMPORTANT ISSUES TO CONSIDER

Assignments

The assignments are meant to be challenging, though we have tried hard to increase the difficulty level gradually by explicitly having two assignments in each module and with increasing level of difficulty. More importantly, the assignments reflect my belief about learning. No one can really make you learn; you must be willing to work hard and struggle. The teacher’s role is to expose us to the fundamental building blocks, and we need to learn by applying them to problems. The reason I love finance is its applicability to all types of real world situations.

Honor Code

While learning from each other is very important, we all recognize the difference between collaboration and simply copying and pasting work done by others. I strongly encourage you to work collaboratively using good judgment. Similarly, please respect all copyright rules of all materials, including books, articles, etc. While we ultimately cannot monitor everything, edX and my team will monitor the forums for any activity that violates such codes of conduct and basic civility to each other.

Contact with Course Advocates and Instructors

Given the large number of students in this course, the course advocates or instructor(s) should not be contacted directly with any questions. While we love all of you, responding to questions is virtually impossible. But teaching assistants will monitor the forums and keep me informed on a regular basis. This has worked quite well for the past three years and I am sure we will do fine in this course as well.
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