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Conduct unbecoming: investigating the ‘enemy within’

Internal investigations hinge on independence and fairness, but also resilience and clarity under pressure.

It is important to ensure that the group's work is aligned tightly with business needs across the entire bank. Doing so can help shape strategic direction so that resources go to areas that improve competitive differentiation and produce revenue.

Opportunities come with challenges

While the opportunities in real-time payments and fintech collaboration are significant, they come with challenges. Regulatory fragmentation across jurisdictions, cyber security risks and operational complexities can slow progress. FIs must balance innovation with robust risk management frameworks to protect clients and safeguard trust.

It is equally important to maintain a clear strategic vision. Technology for its own sake rarely delivers sustainable value. Successful banks will focus on solutions that not only enhance the client experience but also align with their long-term growth strategy.

Transformation is a journey

The real-time payments revolution is not a single project – it is an ongoing journey. Success will require more than adopting new technology. It demands a mindset shift: to think bigger, move faster and partner smarter.

FIs that integrate payments innovation across business lines – beyond just retail – will see the biggest gains over the long run. They may also find themselves setting the bar for the rest of the industry. ■

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BOARDROOM INTELLIGENCE

Navigating volatile stock price movements: a playbook for public company executives

BY GEORGE RUBIS AND SARKIS SHERBETCHYAN

Corporate executives often wake up to unsettling stock price swings with no clear catalyst, news, filings or obvious events. In today's markets, volatile price movements frequently extend well beyond the fundamentals. Algorithmic trading, macro-overlay strategies and exchange-traded fund

(ETF) flows often drive disconnects, making market reactions appear irrational.

These dynamics have intensified in recent years. The rise of passive investing, the influence of retail traders, including retail trading platforms such as Robinhood, and the emergence of 'meme stocks' have all contributed to a market structure that is more fragmented, faster moving and harder to interpret.

For directors and executives, understanding these market forces should be a key priority to help elevate their company's governance, finance and investor relations functions. Volatility can affect a company's access to the capital markets, create an opening for shareholder activism and shape investor sentiment far more than earnings alone.

This article explains the forces driving stock price volatility, outlines best practices for communicating strategically and provides actionable steps to help leadership teams understand what is going on with their stock price.

Directors and executives must recognise that short term stock price action often reflects flows not fundamentals. All companies should have the tools in place to be able to spot the differences.

What is really driving volatility – market microstructure in action

Algorithmic and high-frequency trading (HFT). These are automated platforms that execute trades based on momentum, trend-following, sentiment and statistical arbitrage rules. While these algorithmic and HFT participants often improve liquidity when markets are calm, they become more cautious in pricing risk assets with wider bid-ask spreads when volatility explodes. In turn, this often amplifies price moves through rapid feedback loops.

Well-known episodes like the May 2010 'Flash Crash' of the Dow Jones, S&P 500 and Nasdaq Composite underscored how algorithms can overwhelm fundamentals. More recently, in March 2020, the COVID-19 pandemic induced sell-off showed how liquidity evaporated when HFT participants pulled back, exacerbating volatility just as investors sought to raise cash in a critical time of uncertainty.

Boards must understand that much of today's intraday trading is detached from fundamentals, driven instead by speed and statistical relationships. This complicates the task of explaining short-term share price movements to investors.

Macro overlay trading strategies. Global news, interest rate shifts, inflation data and geopolitical shocks often drive exaggerated stock price movements. Quantitative macro and factor models sift through massive datasets and tilt portfolios toward regions, sectors and themes like growth, value or momentum. When multiple models converge, sharp buy or sell orders can trigger unusual stock price swings far detached from company fundamentals.

From 2021-22, surging global inflation forced central banks to aggressively hike reserve rates. For example, the Federal Reserve's rapid tightening in 2022 sparked systematic derisking across equities, with risk assets repriced regardless of earnings results. For corporate finance executives, this meant compressed valuation multiples and narrower financing windows to raise debt or equity, factors well beyond management's control.

Boards and chief financial officers should connect macro-driven volatility to the company's treasury management policy, including capital allocation strategy and timing of debt or equity issuance.

ETF flows and index events. ETF rebalancing, inflows and outflows add another powerful driver for individual stock price movements. The sheer size of passive funds means that rebalancing often creates concentrated buying or selling trading flows.

A prime example was Tesla's addition to the S&P 500 in 2020. From the 16 November announcement date through the end of 2020, Tesla's stock rose approximately 73 percent, primarily fuelled by index-tracking funds that had to acquire its shares. Similarly, the annual Russell index reconstitution regularly generates outsized trading volume and short-term distortions in shares of small and mid-cap companies.

Executives should anticipate these events and prepare investor messaging accordingly. For companies facing upcoming index changes, explaining to the board and shareholders that such moves are technical, not fundamental, can help manage expectations.

What should companies do?

Companies should reaffirm their long-term vision and the fundamentals supporting their value proposition. Ensure alignment across investor decks, management, discussion and analysis disclosures, earnings calls and shareholder outreach. Consistently highlight strategic priorities, execution progress and financial resilience. Market noise is inevitable, and credibility rests on demonstrating consistency and discipline.

Volatility presents opportunities to engage shareholders proactively. Use turbulent periods to connect with long-term holders and high-quality prospects to reinforce trust. Tailor outreach based on shareholder profiles, distinguishing fundamental investors from high-turnover traders who generally do not align with long-term ownership.

Board members and executives should ensure robust processes for monitoring not only their company's stock, but also the dynamics of peers, sectors and the broader market.

The only way for companies to be sure of what is happening to their stock is to use a market surveillance firm to monitor trading in the stock. Market surveillance tracks real-time activity, monitoring order books, trading volume shifts and unusual liquidity patterns.

Market surveillance also provides settlement and ownership analysis to identify high-frequency trading patterns, separate long-term holders from algorithmic churn along with short interest analysis and fails-to-deliver as indicators of market pressure. Companies should monitor securities lending dynamics, including stock loan and borrow rates, particularly ahead of shareholder votes, activist campaigns or other key events.

More importantly, real time stock surveillance monitors and alerts companies to critical trading in their stock that detects early signs of activist involvement, ownership shifts and hard-to-identify activist tag-along investors.

Companies need to be careful of service providers that merely repackage stale 13f data and call it stock surveillance. By the time an activist shows up in a Securities and Exchange Commission filing, the benefit of early detection is lost. Monitoring buyers and sellers of a company's stock in real time takes companies beyond standard 13f filers, to include pension funds, sovereign wealth funds, non-filing hedge funds and foreign investors.

Market surveillance tools and accurate ownership analytics can equip executives and their advisers with actionable intelligence and a competitive edge in managing volatility that goes beyond the basic reporting of share price performance and trading volumes.

Conclusion

Directors and executives must recognise that short term stock price action often reflects flows, not fundamentals. All companies should have the tools in place to be able to spot the differences.

Boards should incorporate market literacy into governance training. This prepares directors and senior management to evaluate when volatility reflects activism, or fundamentals versus technical flows, and to make better informed decisions on disclosure, capital markets activity and investor engagement.

Executives cannot control algorithms or macro flows or even an activist – but they can control how they respond. Stay consistent and disciplined in messaging, be transparent and communicate openly with stakeholders, and more than anything else, focus on the long-term drivers of fundamental performance to create shareholder value versus daily stock price fluctuations.

Volatility is inevitable in modern market structures. With disciplined leadership, proactive communication and a firm anchor to creating long-term shareholder value, companies can cut through the noise. Executives that embrace market literacy, monitor ownership changes and communicate consistently can withstand the turbulence, ultimately leveraging it to build credibility, reinforce investor trust and lower their company's cost of capital. ■

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RISK MANAGEMENT

Data scraping, AI and the battle for the open web

BY JO LEVY

On 13 July 2025, The Economist declared, "AI is killing the internet", echoing a growing refrain from some online retailers and digital news platforms. They argue that artificial intelligence's (AI's) ability to summarise internet search results harms their business by delivering answers without requiring users to click a link or visit their websites.

For users, getting the information they need without wading through click-bait links, pop-up ads or recycled content is a benefit. But for businesses whose revenues are based on pay per click advertising and affiliate marketing, AI search is a threat.

To protect these revenue streams, some organisations are pursuing efforts to block web crawlers and replace the pay per click model with pay per crawl fees. Advocates for an open web contend these initiatives undermine openness, decentralisation and non-discrimination – principles core to the worldwide web's creation.

For decades, small and medium-sized enterprises (SMEs) have relied on data scraping for competitive intelligence, customer sentiment,