

Armstrong Wolfe
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AI: Bubble and Hype

Am I Behind in AI? A Resident
Question for the COO



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Foreword

At a recent breakfast of Asset Management COOs in New York, one comment cut through the croissants: *“My CEO says constantly: we’re behind in AI.”*

Heads around the table nodded. One COO quipped: *“Well, it’s statistically impossible we’re all behind in AI.”*

And yet, the sentiment resonated. Beneath the hype, the paranoia, and the unquestionable - or some would say highly questionable - potential of AI, banking remains at first base, tiptoeing through the fog of marketing claims, dystopian fears, and unproven business cases.

So here’s the reality: no, you’re probably not behind in AI. But you are behind in honesty about what AI can - and more importantly, cannot - do for your business today.

Are We There Yet?

The IMF predicts financial services AI spending will more than double by 2027. But where is it actually going? Mostly middle and back-office - where data is messy, workflows are repetitive, and competition is not on the line. AI is already delivering measurable improvements in operational efficiency, fraud detection, compliance, HR onboarding, and code engineering.

Meanwhile, front-office customer-facing AI remains mired in issues of trust, data sovereignty, hallucinations, and regulatory landmines. As one senior executive put it:

“The reality is nowhere close to the hype.”

This is the COO’s dilemma: staying pragmatic, resisting the panic, and finding value where it really exists - today.

The Competitive Advantage Myth

Many CEOs talk about AI as if failing to lead will kill competitive advantage. But let’s be frank: AI’s most powerful use cases right now - cost savings, operational streamlining, regulatory compliance - are largely non-differentiating. You won’t sell more products simply because your risk controls became 20% faster.

And yet these “boring” benefits may save millions while the “transformative” customer-facing innovations remain theoretical.

Perhaps the real competitive advantage today lies not in trying to out-AI your rivals but in creating the cross-industry transparency and risk-sharing necessary for AI to mature responsibly. As one COO observed:

“We’re not building weapons here. We’d all benefit more if we got this right together.”

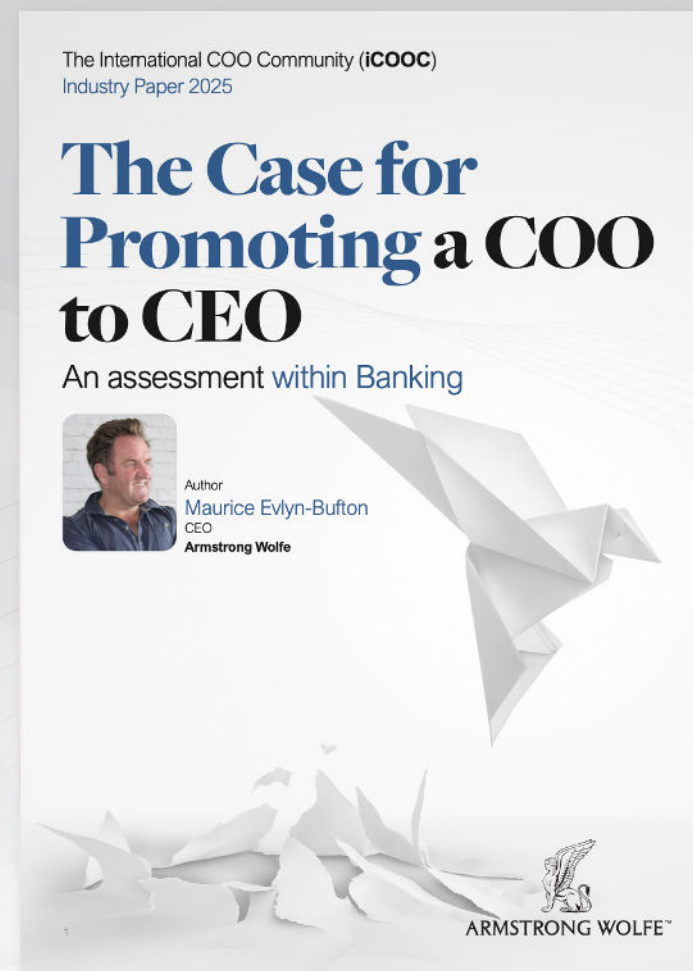


Maurice Evlyn-Buften
CEO
Armstrong Wolfe

Armstrong Wolfe [Whitepaper](#)

The Case for Promoting a COO to CEO

An assessment [within Banking](#)



A promotion of a COO to CEO within financial services, and specifically within banking, has limited precedent.

The whitepaper outlined a change in the mood music and opportunity for banking COOs to move from being unlikely, improbable contenders for this promotion to plausible short-listed applicants.

It outlined in depth the reasons underlining this shift, where a key aspect of a COO to CEO transition is the importance of COOs gaining client and direct business P&L responsibility, running businesses, owning P&L, and proving their commercial acumen. Jamie Dimon's approach at JPMorgan exemplifies this, as he strategically places potential CEO successors in multiple business roles to test and develop their capabilities.

Developing an executive leadership team in-depth where they have held leadership roles in differing businesses is seen to a lesser extent at other banks, although this internal mobility is a rarely deployed policy to develop a diversely equipped executive leadership pool within the COO population.

When considering the COO to CEO preposition, beyond operational expertise, success as a CEO relies on personality, leadership, stakeholder management, strategic thinking, and the ability to shape culture and values.

While many COOs work closely on these less visible aspects of a CEO's role, making them well-prepared in some ways, these remain essential CEO requirements.

It is also important any CEO has an appetite for innovation, and is enthused about leading technologies. In this context the role of AI is also evolving, from operational efficiency to influencing entire business strategies. Innovation is at the heart of any COO's mandate (or should be), and thus this knowledge and insight is advantageous when considering a promotion into a CEO role.

The paper investigated aspects of these key requirements and further delves into the core competencies COO's possess in relation to managing transformation, people, regulation, and crisis, that are also core requirements to be successful in an executive leadership role, and to hold the office of the CEO.

If you would like a copy of this published whitepaper please contact [Will Parry](#)
Head of Research, Armstrong Wolfe
W.Parry@armstrongwolfe.com

The COO's Role in Making AI Real, Incremental, and Useful



Myriam Hofri
Former Financial Services COO
Founder Aelan Consulting

The Quiet AI Brief

"I think we need to do something with AI."

I've heard this line more times than I can count over the past year. Usually it's uttered in a boardroom, often by someone looking directly at the COO - with no budget, no scope, and no shared definition of what "something" means.

As COOs, we're used to translating ambiguity into execution. But the recent wave of AI enthusiasm - or pressure - has created a unique kind of challenge: one that's high-profile but poorly scoped, urgent but underspecified. We're being asked to deliver on "AI" before anyone's agreed what success looks like, or whether we're solving the right problems in the first place.

This article isn't a how-to manual. Instead, it offers a grounded starting point - a way to think about AI through the lens of operations, risk, and practicality.

The Fog: Why It Feels Vague but Urgent

There's a lot of noise around AI right now.

Boards are asking about it. Clients are curious or demanding. Regulators are gearing up. Competitors are announcing flashy partnerships with OpenAI or promising AI-driven everything. No one wants to be left behind - but few know where the path actually starts.

In one UK financial firm I recently worked with, an executive team asked whether deploying a chatbot last year meant they had "done AI." The truth is, the question isn't silly - it's symptomatic. We're all still working through what counts as AI, what's just automation with better branding, and what's actually useful to the business.

Making It Real: The COO's Superpower

Here's where the COO comes in.

Operations leaders are uniquely placed to make AI real. Not visionary. Not theoretical. But real - in the messy, costed, risk-managed, test-and-learn kind of way that actually sticks.

The key? Don't treat AI like it's magic. Treat it like any other transformation initiative. That means anchoring it to a business pain point (client onboarding delays, risk monitoring backlogs, report generation fatigue) and then working backwards into the tooling.

In one case, a European investment firm started with a pain point: too many hours spent reviewing fund prospectuses. Instead of launching a huge "AI initiative," they tested a lightweight document classification model to triage the inputs. It wasn't glamorous - but it saved 100 hours a month and gave them a clean use case to expand from.

Keeping It Incremental: Crawl Before You Build GPTs

One of the biggest traps I see is the urge to go too big, too fast.

The AI vendors are persuasive. The demos are slick. But when you commit to large-scale builds without validated value, you end up with what I call “AI theatre” - impressive slides, sunk costs, and very little operational impact.

The alternative? Think pilot-first. Set up a small, cross-functional group with the mandate to test one thing - and test it well. Be honest about the real costs (including integration, change management, and downstream ops). And don’t underestimate the internal capability lift you’ll need, especially if you want to scale.

Keeping It Useful: Avoiding Tech Theatre

It’s easy to fall into AI theatre - shiny but shallow projects designed more for investor decks than operations.

To stay useful, COOs should ask:

- » Are we solving a problem that matters to our teams or clients?
- » Do we know how we’ll measure success - not just adoption, but outcome?
- » Have we factored in operational resilience - who supports the tool when the vendor contract ends?

A pilot that delivers genuine insight or workflow relief - even if it’s modest - beats a high-profile failure every time.

Five Questions Every COO Should Be Asking

To keep AI grounded and valuable, here are five questions I believe every COO should be asking:

1. What problem are we solving - and who cares if it’s solved? Anchor every initiative to a clear pain point and a known user.
2. Are we clear on data access, privacy, and compliance risks? The biggest blocker to AI isn’t always the model - it’s the data.
3. Can we test this in a sandbox - and who owns the outcome? Assign clear ownership from pilot to production. No more “AI belongs to everyone” vagueness.
4. What changes operationally if it works? If success doesn’t require follow-through, you may not need AI.
5. Who keeps the lights on once the pilot ends? Think long-term sustainability from day one.

It’s Not About AI. It’s About Making Things Work.

At the end of the day, AI is not the point. Making things work - better, faster, safer - is.

That’s what COOs do best. We don’t need to be evangelists. We don’t need to be data scientists. But we do need to be honest brokers of delivery - keeping AI grounded in the operational realities that make or break its usefulness.

The next time someone says, “We need to do something with AI,” your answer might just be:

“Sure - but let’s first figure out what needs fixing.”



No one wants to be left behind - but few know where the path actually starts.

Key Principles To Strengthen Resilience Testing In Financial Services



Will Packard
UK Operational Resilience Leader
EY



Financial services organisations are under growing pressure across the globe to become more resilient in the face of evolving threats and rising consumer expectations.

Resilience testing plays a vital role in helping organisations build both confidence and capability. The UK Operational Resilience regulation and the European Union's (EU) Digital Operational Resilience Act (DORA) have heightened the need for financial services organisations to bolster their resilience.

Just how resilient is your organisation?

The only way to answer this is through testing. Resilience is a broad global regulatory theme, with new rules being enacted in many jurisdictions that emphasise its importance. A common element in these regulations is the focus on testing as a key, if not the principal, ongoing activity.

- » The UK OR regulations mandate resilience testing against severe but plausible scenarios, expecting organisations to continually develop the scope and sophistication of their testing approaches over time.
- » The EU's DORA requires firms to include testing within their digital risk management framework.

Both organisations and regulators increasingly view preventative controls, as well as recovery capabilities, as integral to resilience testing.

Why test?

- » It gives assurance to boards and executives that their services are resilient.
- » Rehearsals prepare teams to carry out mitigating activities, such as alternative ways of delivering processes or recovering the impacted applications.
- » Testing increases the understanding of an organisation's resilience capabilities.

The bottom line is that rigorous testing remains the only way to determine if organisations are sufficiently resilient to recover from unexpected incidents and prepared for circumstances that could lead to failure in the future.

These are especially valuable insights given the number of high-profile disruptive events recently, proliferating threats and complex interdependencies with third parties and service providers across the value chain. The UK Prudential Regulatory Authority (PRA) considers preventative testing as a form of operational testing even if it falls outside the strict definition of the UK operational resilience regulations.

Five steps to effective resilience testing

While there's growing consensus about the "why" of testing, there's less clarity around the "how".

1. What should be in scope

Creating a testing plan is a balancing act to help ensure that the range of services is tested against a broad range of scenarios over a reasonable time horizon. Efficiency is key to delivering sufficient coverage, prioritise carefully, look for tests that cover multiple services and combine testing types only where there is clear benefit. A high-level testing plan should aim to answer the following questions:

- » What would be the impact of various scenarios given current capabilities?
- » Are the preventative controls effective and do its mitigation strategies successfully prevent or address disruptions?
- » Is the coordination of the response and communications plan effective?

The test plan should be specific, outlining the services to be covered, the type of test, the scenarios to be applied and the dates. Typically, testing plans extend 18 to 24 months into the future, with updates occurring at least annually.

2. Defining scenarios

The value of defining the scenarios to be tested is crucial and organisations should consider:

- » **Creating a material risk inventory:** Identify how disruptive events could actually transmit into delivery processes and disrupt operations through impacting the people, facilities, technology, data or third parties involved in delivery of your services.
- » **Be specific:** Define your scenario in terms of what, when and where the hypothetical event occurs, so the impact on delivery processes can be derived.
- » **Taking a service level view:** While testing individual components gives you a certain level of confidence, organisations should also take a service level view for at least some of their testing.
- » **Testing to failure:** Flex the scenario to make it more severe, by increasing the scope or adding other causes of disruption, to get to the point of failure. Regulators expect firms to be failing some tests.

3. Different types of testing

Effective resilience testing programmes are multi-dimensional, featuring different kinds of tests, each with its own objectives. Historically, organisations have used only a subset of them and have not always conducted them in a coordinated or integrated manner.

Preventative testing: This focuses on validating controls that prevent disruption occurring in the first place and that operate as a matter of course.

- » Security testing
 - Threat-led penetration testing: Emulating real-world attack scenarios
 - Assumed breach scenarios: Testing post-compromise response
 - Vulnerability scanning: To identify and assess security weakness in systems, applications and networks
- » Performance and capacity testing
 - Load testing: Evaluates system behaviour under expected user loads
 - Stress testing: Evaluates system behaviour under extreme conditions
- » Configuration testing
 - Evaluates a system's ability to handle different configurations

Testing these capabilities should be carried out in controlled environments using industry-standard frameworks (e.g., CBEST, TIBER-EU, MITRE ATT&CK) to simulate realistic disruption scenarios.

Theoretical testing: This is typically scenario driven and seeks to identify if the resilience capabilities of the organisation can mitigate disruption. For organisations still developing their testing capabilities this will often involve a desktop exercise with subject matter experts. More developed organisations are looking to automate this type of testing.

Validation testing: This is about testing the effectiveness of an organisation's mitigating strategies and capabilities. The scenarios organisations face are numerous but the mitigating actions to address them are far fewer in number. These can include business continuity testing but should also feature end-to-end testing. Validation testing is also a great way to train staff in how to carry out the activities required to support resilience and should be considered as drills to be practiced frequently.

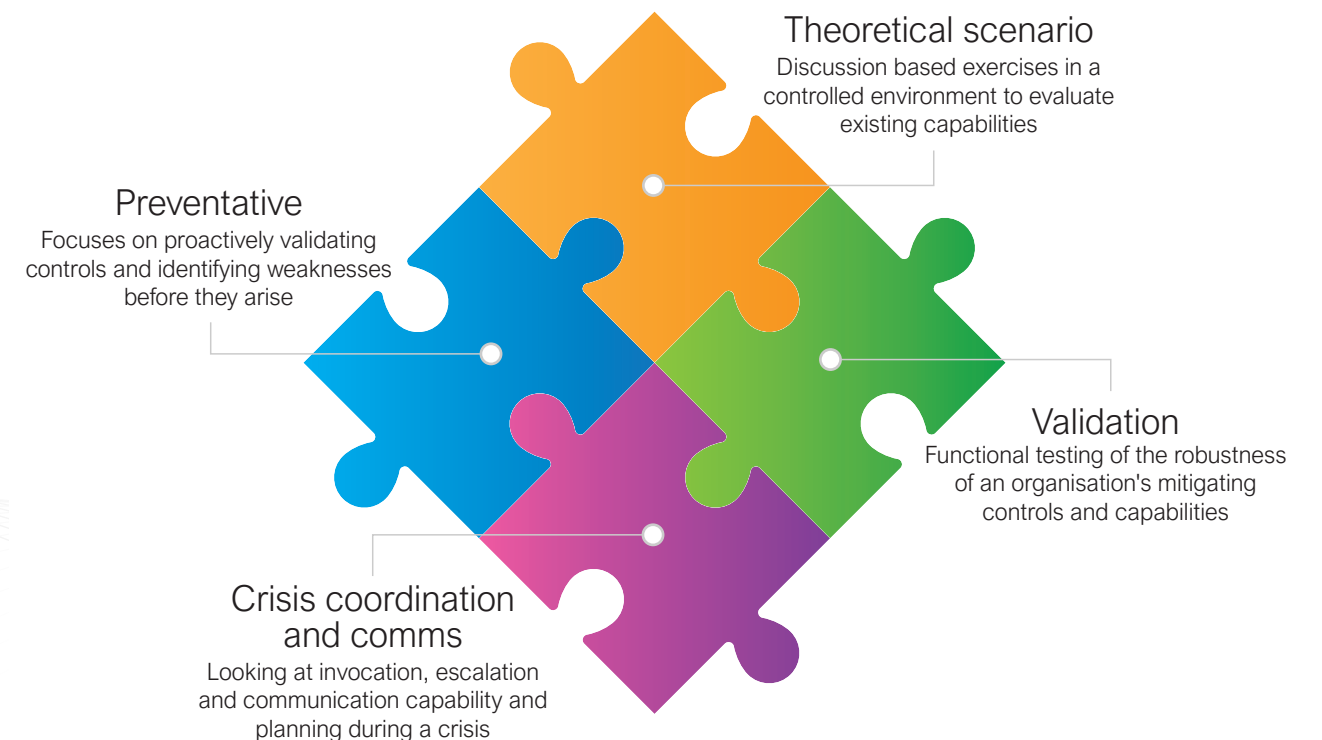
Crisis coordination and communications testing: Resilience capabilities rely on coordinated decision-making to be effective as well as the ability to manage communications; these should also be tested regularly.

Resilience testing: four pillars of crisis management. All tests should include a review at the end that covers the results of the test and looks at the effectiveness of the test itself. This review should capture issues that, if addressed, will help improve organisation's resilience, testing efficiency and effectiveness. These should be included in issues management systems where appropriate.

4. Test often

Frequency of resilience testing is crucial to help ensure that the organisation remains prepared for any potential disruptions.

- » **Annual comprehensive testing:** At a minimum, organisations should conduct a comprehensive resilience test annually, such as end-to-end disaster recovery and crisis management exercises.
- » **Quarterly targeted testing:** Lower-level testing should be undertaken regularly to help ensure coverage of services, as well as scenarios. Testing should be seen as a regular, ongoing activity.
- » **Ad-hoc testing:** Whenever there are significant changes in the organisation's operations, technology or external environment, ad-hoc tests should be conducted to help ensure that these changes do not introduce new vulnerabilities.

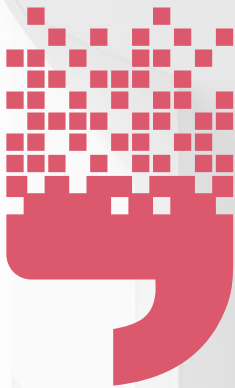


5. The future of testing

Automation and technology advances have the potential to make testing more efficient and the results more reliable. Increased testing will provide greater understanding of an organisation's resilience capabilities through a wide range of scenarios. Automated testing requires a comprehensive test environment or parameterised models of the delivery processes. The former potentially can be addressed using the cloud to facilitate the creation of test environments and digital twins can be used to recreate process models for accurate testing. Both offer the promise of significant efficiency savings on testing that really establish the resilience capabilities. The initial cost of developing these will lead to initial adoption by more significant firms that have short impact tolerances and automated, tightly coupled processes. Emerging technologies like the cloud, quantum computing and AI are fundamentally changing how we approach operational resilience. These technologies introduce new risk that must be carefully considered. To effectively navigate this evolving landscape, organisations must adapt their testing frameworks. These frameworks need to be flexible and resilient enough to address the challenges and leverage the opportunities presented by these new technologies. Crucially, it is essential to strike a balance. We must harness the power of these technologies to improve testing effectiveness while simultaneously ensuring that testing processes themselves do not introduce new vulnerabilities.

Summary

Whatever the future holds, one thing is certain: The focus and scrutiny on testing is only going to increase as operational resilience expectations from customers and regulators rise. The good news for financial services organisations is that they'll soon be able to use automation to help them conduct more efficient and effective testing. The most important thing for organisations, both now and in the future, is to consider all aspects of resilience – and then test them rigorously.



Both organisations and regulators increasingly view preventative controls, as well as recovery capabilities, as integral to resilience testing.

Authors

Will Packard Director, Operational Resilience Financial Services Ernst & Young LLP will.a.packard@uk.ey.com	Nick Le Fevre Director, Operational Resilience Financial Services Ernst & Young LLP nlefevre@uk.ey.com	Andrew Lim Director, Payments Transformation Financial Services Ernst & Young LLP alim3@uk.ey.com
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The '5 Behaviour Questions'

A Fresh Approach to Conduct and Culture in Financial Services



Ted MacDonald
Senior Technical Specialist
Financial Markets Standards Board
Armstrong Wolfe Advisor

The 2008 financial crisis prompted a flurry of activity by governments, regulators, financial services firms and other economic stakeholders:

- » Governments responded with bailouts, structural reforms and higher capitalisation requirements while central banks provided extended support for market liquidity;
- » Regulators strengthened oversight through stress-testing, resolution planning and ring-fencing different business units; and
- » Firms invested in risk infrastructure, expanded compliance teams and launched a blizzard of new conduct and culture policies and procedures followed by training to raise awareness of those changes.

While much has been achieved, more is needed to create enduring cultural and behavioural change.

In July 2023, Starling Insights published a retrospective on "Changing Banking for Good," the 2013 report by the UK Parliamentary Commission on Banking Standards.¹ The Starling review found that the banking sector had become more operationally resilient, and that culture and professional standards were gaining traction as important areas of focus.

Indeed, since 2013, regulators have generally adopted culture, conduct and behaviour as key priorities. Notable regulatory initiatives of relevance include: Dutch National Bank supervisors applying behavioural science to assess board and management-level dynamics; the New York Federal Reserve launching its Governance and Culture Reform program; and the UK Financial Conduct Authority (FCA) introducing both the Senior Managers & Certification Regime and the "5 Conduct Questions" programs.²

Among these innovations, the latter stands out, because it explicitly challenged banks to assess their approach to culture and conduct risks through their systems and processes.

It is now commonly acknowledged that addressing culture is more than a process challenge and that successfully managing risks that flow from culture represents a broader societal interest. Moreover, culture challenges affect not only regulated firms but the regulators themselves - and these challenges extend well beyond banking.

Additionally, behavioural science³ and questions regarding individual character⁴ are now recognised as relevant in the context of organisational and leadership failings. Deployment of this expertise has demonstrated positive results, in turn prompting greater interest.⁶

Against this background, I would like to propose my own '5 Behaviour Questions' which may prove useful as a tool for firms and regulators to aid improvement of conduct risk management and overall organisational performance:

The 5 Behaviour Questions

1. **Aspirations** - How do you identify and prioritize the behaviours that support the outcomes you seek and the organisation you aspire to become?
2. **Recognition** - What proactive steps do you take to assess the behavioural landscape in your firm to spot patterns, outliers and areas of concern or opportunity?
3. **Reflection** - How do you encourage staff to reflect on and be responsible for factors that drive behaviour, including their own character and inter-personal conduct?
4. **Support** - What support does the firm provide for individuals and groups to understand their behavioural environment and build long-lasting desirable habits?
5. **Oversight** - How does the board and senior leadership gain meaningful insight into existing and potential behaviour dynamics and proactively address areas for attention?

A few definitions will aid the discussion that follows. Conduct and behaviour are commonly used interchangeably but have distinct nuances.

- » Conduct, as used here, refers to the narrower subset of behaviours where a moral or ethical judgement, a social preference or adherence to a rule is attached.
- » Behaviour is a broader term that covers the full range of observable actions or reactions of a person, intentional or otherwise, to a set of circumstances.

A person's behaviour can include how they speak, walk, eat, or interact with others. Conduct, in the context of financial services, implies a standard or code of conduct that governs one's actions.

Intention versus behaviour

History has shown that revising policies and procedures does not by itself result in lasting behavioural change.

While firms can point to infrastructure improvements, they may fall short of cultivating the personal commitment - from board members down to front-line staff - that is necessary to achieve aspirational change. The familiar 'Tone from the top' refrain may have some value, but its overall effectiveness has been called into question.⁷

In 2019, the FCA introduced a complementary idea: 'Tone from Within'.⁸ This concept followed broad engagement with less senior staff in financial services. Roundtable participants from 18 organisations displayed earnest commitment to change, and to developing and adhering to relevant organizational rules. They also sounded a call for long-term direction and active support for change at the individual level.

It is now better understood that people change themselves by revising their own habits and, in due course, this changes organisations. Habits around interpersonal behaviour are especially important. Some people react to the word change as though it entails some fundamental rewiring of who they are at their core.

In practical terms, however, meaningful change in this context constitutes a series of relatively small adjustments to everyday activity or thought patterns rather than entailing some fundamental rewiring of self.

Psychological research shows an important bias: people tend to judge themselves on their intentions but others by their actions.⁹

All too often, misunderstandings arise when action by one party is not received in the spirit intended. This intention- behaviour gap was initially thought to be a moral failing. It is now better explained by psychology and, more recently, by research on character. Bridging this gap by itself can be challenging, and the risk of adverse outcomes rises steadily when bias, blind-spots, fatigue and a variety of social pressures are added to a situation.

This gap between intention and behaviour is equally applicable to organisations. Policies, procedures and the cultural values emblazoned on desktop home-screens and lobby walls are the equivalent of expressions of intent. Actions are a different matter and the gap between the two can result in poor-quality staff interaction or breaches of a more serious nature. The fallout from this gap is the loss of trust, not only between staff members but also, more widely, between customers and other stakeholders of an organisation.

Culture is often summarised as "the way we do things around here". This would typically seek to reflect the corporate intentions as noted above. A more insightful phrasing would be "the way things happen around here".

This shift in framing helps to reveal the gap between intention and behaviour, refocusing attention on observable behaviours and how these might be directly related to certain outcomes. Helpful managerial action can be prompted by engaging with the way things happen through a behavioural lens. This amplifies the need for new tools to address persistent problems. Character insight would helpfully inform the choices regarding what action to take.

New tools for the box

Conduct supervision was introduced in the UK with the creation of the FCA in 2013. At the time, conduct - as a matter of supervisory interest - was a relatively new idea in the financial services sector, and the role of the new conduct regulator was not yet fully formed. Banks were initially left to define appropriate conduct themselves, and to create programs that would lead to improved conduct outcomes.

The FCA's "5 Conduct Questions" program was introduced in 2015. Firms were encouraged to identify conduct risks, train and support staff, engage the board in the effort and be watchful for new risks. The questions themselves were a tool that provided consistency in how programs were framed, and progress was measured, with annual updates from the FCA providing useful benchmarking for the sector. It was not long before leading firms identified their conduct programs as a source of competitive advantage.

Our understanding of human traits, decision-making processes and heuristics - as well as the ability to capitalise on that knowledge - has since grown rapidly. Aspects of individual behaviour are persistent and, to some degree, predictable. Behavioural expertise is now being increasingly deployed in financial services firms and can be a helpful resource across the whole organisation.¹⁰ It can be particularly effective in addressing problematic areas seemingly resistant to change.

Recent benchmarking by the Financial Markets Standards Board (FMSB) of management information and metrics on conduct confirmed the value of behavioural approaches. And yet, it also revealed a further need for introspection on the part of firms in assessing such behaviour. Firms have been hiring behavioural expertise with positive progress evidenced by effective initiatives as well as an increase in comprehensive, relevant and actionable information. Perhaps, more can be done to⁵ deploy and equip this in-house expertise to best advantage and more broadly across the firm.

In this context, and with a nod to the FCA's 5 Conduct Questions, the '5 Behaviour Questions' I propose here may be a useful tool for considering conduct and behaviour. These new questions follow a similar pattern of identification, staff engagement, and board-level support and oversight. Basic behavioural considerations can improve the effectiveness of change initiatives.¹¹ They can be instructive in assessing projects that are already underway or at the planning stage.

Character, Behaviour and Culture

Culture and behaviour are closely related but their essential link with character is less well understood. Culture can appear to be an abstract, multi-dimensional, shape- shifting concept. Attempts to codify culture or determine ways to measure it have distracted or even thwarted progress in changing conduct and behaviour.

It is now clear that culture becomes immediately more understandable when attention shifts to behaviours that underpin events or that enable aspirational values and deliver on the earnest messages conveyed in 'tone from the top' speeches. Rather than intentions, it is these actual behaviours as observed by staff, customers and stakeholders, that collectively comprise culture. This provides some relief for earlier concerns about culture being too difficult to define or measure.

Character, meanwhile, is both fluid and unique to each individual. Work by Ivey Business School highlights the eleven dimensions of character: Transcendence, Drive, Collaboration, Humility, Humanity, Integrity, Temperance, Justice, Accountability, Courage and Judgement.¹²

Far from something determined at birth, each dimension is like a muscle that can be strengthened with regular use and modest effort or it will atrophy if ignored.

Behaviour then derives from character, particularly when exercised or put into practice in a habitual manner. In fact, character can be summarised as "an interconnected suite of virtuous habits".¹³ The important link is that behavioural habit formation leads to enduring change.¹⁴

Academic work is now seeking to understand character better, including how to develop and apply it in navigating both personal and working environments. Each of the eleven dimensions manifests through measurable behaviours,¹⁵ opening the possibility of understanding the drivers behind our own behaviour, as well as the behaviour of others.

This knowledge reveals challenges that can arise, for example in recruitment and promotions, when existing or aspirational behaviour is framed in terms that over-weight some dimensions of character. Commonly over-weighted dimensions include Drive (results-oriented), Courage (determined) and Accountability (takes ownership) and under-weighted dimensions include Humility (continuous learner), Transcendence (far-sightedness) and Temperance (calmness). In this respect, failing to approach character holistically can be unhelpful for inter-personal relationships, the development of cohesive teamwork and organisational culture.

Application for firms and regulators

The 5 Behaviour Questions apply universally across organisations, functions, levels, and activity. The questions help reinforce behaviours that result in desirable outcomes and avoid behaviours that do not. Restricting the application of this new tool to a single, narrow areas would underutilise its value and overlook the potential for competitive upside. Recognising the role of Chief Operating Officers as strategic enablers of success,¹⁶ these questions can be useful to them as well as to the Risk, Compliance or Human Resources functions.

Focusing on behaviour, however, requires a different approach to the familiar activity of updating policies and procedures or adjusting dashboards and management reports. Instead, it requires addressing habits and behaviours by encouraging self-reflection and engagement with staff. While this behaviour-focused approach may require firms, as well as individuals, to invest in new capabilities, it is a step that should improve the likelihood of success in projects and change initiatives. Having been overlooked for decades, character is now reasserting itself as a key factor for personal and organisational development.

Financial services regulators operate with a specialised public service mandate, otherwise they face many of the same human challenges as other organisations. The recent collapses of certain financial institutions have revealed supervisory deficiencies in the discharge of their responsibilities. This has been addressed by regulators themselves, as exemplified by the Federal Reserve Board's public assessment of its oversight of Silicon Valley Bank. Supervisory challenges have also been highlighted in broader analytical commentary in Starling Insights. Applying the 5 Behaviour Questions internally could benefit a wide range of organisations.

Translating the 5 Behaviour Questions into Action

While character and behaviour are becoming increasingly well-known, practical applications of the concepts from a conduct perspective may be less familiar. Here we look at three recent publications from the Financial Markets Standards Board (FMSB) and highlight how aspects of the 5 Behaviour Questions could be employed.

The 3 Lines Model¹⁷

Much attention has focused on the '3 Lines Model', formerly known as the '3 Lines of Defence.' Since 2013, financial services regulators have emphasised the importance of the 3 Lines Model and sought assurances from firms that it was being implemented and maintained. A failure to implement the 3 Lines Model properly has often been described as a root cause of significant adverse events leading to major fines or even bank failures. Consequently, FMSB produced a Spotlight Review on the 3 Lines Model in June 2023.

FMSB Key Messages:

- » High quality design of risk management frameworks, policies and procedures is undermined by poor culture.
- » Effectiveness of the 3 Lines Model requires accountability for behaviour and full ownership of the attendant risks.

This review revealed that implementing the 3 Lines by strictly focusing on policy wording and organisational structure can give rise to the illusion of control without actually changing how risk is managed. In order to properly effect change, it is necessary for managerial staff and supervisors to be aware how staff behave (Questions 1 & 2 of the 5 Behaviour Questions) and any behaviours that may be undermining the efficacy of the checks and balances that the model seeks to achieve. Without such analysis, the board and senior management may fail to challenge the effectiveness of the 3 Lines Model overall (Question 5). Instead, they may rely too heavily on reporting from Internal Audit as sufficient evidence that the model is working effectively.

Conduct and Culture MI¹⁸

As oversight of conduct risk gained traction, firms invested heavily in data creation, collection, monitoring, and reporting. In 2023, FMSB, with the assistance of Oliver Wyman, conducted a Spotlight Review on Conduct and Culture Management Information to establish the boundaries of current practice and enable firms to benchmark their own progress in these efforts. FMSB members noticed that few of the metrics in use were fundamentally about behaviour. Most of the metrics had a narrow focus on breaches or related trends. To broaden the metrics, it was noted that firms could harvest external information and invest in new data creation rather than rely heavily on readily available internal data. This report further reminded readers that recent bank failures had root causes in conduct and culture.

FMSB Key Messages:

- » Culture metrics will benefit from expanded focus on the drivers of behaviour.
- » Behavioural science is becoming more widely embedded with some firms endeavouring to build in-house expertise.
- » Regulatory recognition of behaviour-led strategies for firm-wide culture development and targeted improvements is helping drive industry-wide progress.

Each of the 5 Behaviour Questions could usefully contribute to the value of conduct and culture metrics and reporting. Potentially, new areas for effective measurement and monitoring would be achieved by observing the behaviours underpinning character dimensions exhibited across the organisation and its stakeholders.

Supervision of Front Office Trading¹⁹

In January 2025, FMSB published a Statement of Good Practice for Supervision of Front Office Trading. This publication sets out 15 good practice statements to support firms in their approach to supervision of market and client-facing activities.

FMSB Comment:

- » Supervision responsibilities include alertness to the behaviour of individuals with staff, clients and third-parties or other stakeholders.
- » Effective front office accountability is supported by robust oversight, regular performance evaluations, and habitual behaviour that encourages open communication and learning from both successes and mistakes - including near misses.

A key principle is the importance of knowing one's staff and being familiar with their day-to-day behaviour (Question 2). Familiarity improves the ability to spot divergence in the quality of staff engagement amongst themselves as well as with other functional units and clients or counterparties (Question 1 & 3). An awareness of the dimensions of character and their manifestation in day-to-day activity is particularly helpful in discharging supervisory responsibility. Given the complexity of markets, global business models, and ever-present rules and regulations, it is critical that supervisors be highly vigilant in assessing behaviour.

Conclusions

Much has been achieved since banking reforms were launched in 2013. However, more is required to deliver enduring organisational and individual change that improves conduct, culture and behaviour. The remaining challenges in this area suggest that new or additional approaches are needed. The rise of behavioural science and character-based leadership offer possible pathways forward. These developing areas of expertise should be embraced.

The FCA's 5 Conduct Questions model proved highly effective in enabling firms to plan and implement new conduct programs. The nature of organisational challenges has rightly shifted attention to behaviour rather than the basics of policy and process. It could therefore be just the right time to introduce a fresh idea such as the 5 Behaviour Questions.

Ted MacDonald is a Technical Director at the Financial Markets Standards Board. He also serves as an EMEA Industry Advisor at Armstrong Wolfe and an Advocate for Leader Character at Ivey Business School. As a financial services practitioner, he has held senior roles in business origination, risk management, board-level governance and, more recently, regulation.

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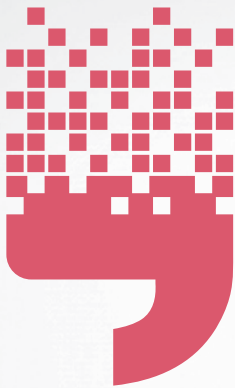
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FMSB members noticed that few of the metrics in use were fundamentally about behaviour. Most of the metrics had a narrow focus on breaches or related trends.

In the Spotlight



Michael Gatenby
Former U.S. Chief Risk Officer
Scotiabank

Recently appointed [Industry Advisor for Risk Management](#), Michael joins following his tenure as U.S. Chief Risk Officer at Scotiabank.

Michael was interviewed by [Maurice Evlyn-Bufton, CEO Armstrong Wolfe](#)

An Oxford graduate, Michael began his career at Oliver Wyman as a graduate and spent 12 years there, working in their risk management practice.

He then transitioned from consulting to industry, joining AIG where he rose to become a senior member of the Enterprise Risk Management team. After five successful years, he moved to Scotiabank.

With a career spanning advisory, insurance, and banking - always within the field of risk - Maurice was particularly keen to gain Michael's perspective on a topic central to debate within the COO community: non-financial risk. In particular, the discussion focused on the evolution of non-financial risk over the past 24 to 36 months from a first-line perspective, and its relationship to operational resilience.

[Q. How do you differentiate non-financial risk from a first line and second-line perspective?](#)

Before addressing the differences in non-financial risks from the first- and second-line perspectives, it is important to define these risks. Non-financial risks refer to the risks banks take for which they do not receive explicit compensation. This contrasts with financial risks - such as credit, market, and liquidity risks - where banks are compensated for accepting risk and the possibility of losses from defaults or trading activities.

Non-financial risks typically stem from a bank's operations, processes, systems, personnel, and external events, making them an inherent aspect of business activity. Although labeled "non-financial," these risks can nevertheless result in significant financial impact if not effectively managed, and because of this I generally prefer the term "business risks."

The roles of the first and second lines in managing these risks are differentiated as follows:

- » The first line consists of those who own and operate the business, making them best placed to identify and assess the risks based on detailed operational knowledge. Once they have identified and assessed the risks, their responsibilities include designing, implementing, and monitoring controls to mitigate these risks, resolving issues as they arise, and providing regular status reports on the effectiveness of controls and issues they have identified.
- » The second line has an oversight and challenge function regarding the first line's risk management efforts. This includes developing enterprise-wide frameworks, policies, and standards for non-financial risk; monitoring and challenging the daily risk management activities carried out by the first line; and consolidating risk data to present a comprehensive view of the organization's non-financial risk profile to senior leadership and the board.

In summary, the first line is tasked with running the business in a safe and sound manner, while the second line is responsible for reviewing and challenging the first line's execution of this mandate.

The challenge is that while the first line has direct operational knowledge of the business, it can often be difficult to translate this knowledge into the risk management or compliance frameworks developed by the second line. To address this challenge, the second line needs to be able to communicate their frameworks in business terms to the first line and have sufficient business knowledge to identify when things are getting lost in translation.

Q. What are your thoughts on the market-wide migration of responsibilities from the second to the first line?

I am generally supportive of the market-wide migration of responsibility from the second-line of defense to the first-line of defense. The first line has (or should have) comprehensive knowledge of their business operations, and business heads are accountable for the profit and loss impact resulting from non-financial risk events. However, as these responsibilities shift, several considerations arise:

Non-financial risk management frameworks:

It is important to determine whether non-financial risk management frameworks, methodologies, and supporting tools are fit for purpose. Evaluation should include whether these tools were developed with input from both the first and second lines, and if they have been tested and updated after such pilots. Collaboration between the first and second lines in developing frameworks and methodologies is recommended to ensure practical implementation. This helps stop things getting 'lost in translation' or risk management work becoming 'check the box exercises.'

Second line oversight:

The process by which the second line reviews and challenges the first line's reports should be clearly defined and cannot be simply checking that the framework has been correctly applied. Rather, second line should be focused on reviewing the first line's conclusions and supporting analysis.

Non-financial risk governance:

Decision-making processes regarding business operations, processes, and controls should involve both the first and second lines as appropriate. A lack of integration may lead to isolated governance, duplicated meetings, and repetitive reporting. Related to this, it needs to be clear how disagreements between the first and second line are escalated and decisions ultimately made. The aim of governance is to support effective decision making. E.g., are we ready to launch a product, where is investment needed to strengthen the control environment, are the first line staff appropriately trained regarding their risk management responsibilities and how to escalate issues?

Q. What do you consider the desired outcomes and outputs of non-financial risk data, particularly in relation to emerging risk and horizon scanning?

Effective non-financial risk (NFR) data management transforms raw information into actionable insights for strategic decisions and resilience. For emerging risks and horizon scanning, robust NFR data delivers these key outcomes:

Desired Outcomes:

- » **Proactive Risk Mitigation:** Anticipate and address risks early by identifying potential threats before they escalate.
- » **Informed Strategic Decisions:** Provide senior leaders with timely, relevant insights to guide planning and investments.
- » **Organizational Resilience:** Strengthen the ability to withstand and recover from unexpected events.
- » **Efficient Resource Allocation:** Focus resources on the most critical emerging risks.
- » **Reputation & Trust:** Demonstrate strong risk management to earn stakeholder confidence and avoid reputational harm.
- » **Regulatory Adherence:** Stay ahead of regulatory changes and compliance requirements.
- » **Risk-Aware Culture:** Encourage employees at all levels to recognize and report emerging NFRs.

Desired Outputs:

- » **Risk Assessments:** Use qualitative and quantitative tools like heat maps, risk scores, and impact assessments to prioritize risks.
- » **Risk Alerts:** Timely notifications with clear summaries and recommended actions for escalating or new risks.
- » **Control Recommendations:** Clearly defined actions for strengthening controls and adjusting strategies in response to identified risks and opportunities.
- » **Emerging Risk Dashboard:** Dynamic listings of new risks, categorized by type, impact, likelihood, ownership, and mitigation status.
- » **Horizon Scanning Reports:** Includes identification of weak signals, trend analyses, scenario inputs, regulatory outlooks, and industry comparisons.
- » **Stakeholder Communication:** Concise reports and presentations tailored for different audiences, documenting decisions and supporting engagement.

By leveraging structured NFR data and outputs, organizations can move from reactive risk management to proactive foresight, ensuring they effectively navigate complex, evolving non-financial risks.

Q. What do you see as the key non-financial risk challenges over the coming three years?

Over the next three years, non-financial risk (NFR) management will grow more complex amid technological advances, geopolitical shifts, and evolving societal expectations.

Key NFR areas include:

Cyber and Data Privacy: Increasingly sophisticated cyberattacks and expanding privacy regulations require robust digital security and compliance to avoid penalties and reputational harm.

Operational Resilience: Organizations must ensure the continuity of critical services, manage interconnected system risks, rigorously test recovery plans, and address supply chain vulnerabilities.

AI and Technology Risks: Addressing AI bias, model risks, malicious AI use, workforce automation challenges, and quantum computing threats is essential for future resilience.

Conduct and Culture: Maintaining ethical standards, supporting employee well-being, and fostering a whistleblower-friendly culture are necessary to mitigate conduct risks.

Geopolitical and Economic Factors: Supply chain disruptions, regulatory complexity, policy changes, and economic pressures such as inflation introduce additional operational and compliance risks.

Operating Model Evolution: Clarifying risk management roles, embedding risk culture, leveraging technology, and adapting structures and skills are essential for effective NFR oversight.

Armstrong Wolfe

Press Release

Armstrong Wolfe & NTT DATA partner to drive CIO-led transformation and AI upskilling in financial services



London, UK 16th July 2025: New strategic collaboration launches dual programme to strengthen CIO leadership and equip emerging industry talent with AI expertise.

As part of the collaboration, Armstrong Wolfe and NTT DATA will deliver a 90-day engagement programme focused on the evolving role of CIOs.

The initiative will explore how CIOs can effectively manage transformation and strengthen work between IT and business operations, while aligning more closely with in-business Chief Operating Officers. In parallel, the collaboration will launch an initiative dedicated equipping rising stars across the industry with practical knowledge on artificial intelligence. This programme will explore the real-world impact of AI and Agentic Automation, evaluating whether these technologies represent a genuine pathway to enhanced productivity, cost efficiency, and workforce optimisation to deliver core banking objectives - or if they are simply the next industry hype.

Key themes will also include issues around security and resilience. As cyber threats increase in frequency and sophistication, the programme will consider the evolving partnership between IT and security functions, and how CIOs can lead teams effectively in an environment where high-profile outages often attract intense scrutiny. Discussions will focus on how technology leaders can remain resilient, collaborative, and inspirational under pressure.

These themes will work in parallel with a third focus point: people. The initiative will examine how CIOs and Chief Technology Officers are navigating transformation in a landscape defined by hyper-acceleration and connectivity. One aspect of this will explore how technology leaders can foster cultures that meet operational demands while also supporting prioritising wellbeing, sustainability, and societal impact.

Maurice Evlyn-Buften, CEO of Armstrong Wolfe, commented:

"This collaboration with NTT DATA reflects our shared commitment to supporting leadership through transformation. As the role of the CIO becomes ever more pivotal to business success, it is critical that we foster greater alignment across technology and operations, while also investing in the leaders of tomorrow."

Andy Nelson, Head of Banking & Financial Services at NTT DATA UK&I, added:

"We are excited to be working with Armstrong Wolfe to deliver programmes that address two of the most important topics in our industry – transformation leadership and AI readiness. This partnership brings together our collective expertise to support both senior leaders and emerging talent across financial services."

The collaboration will officially launch in August 2025 and will include a series of CIO leadership roundtables, and knowledge-sharing events across key financial centres.

About NTT DATA

NTT DATA is a \$30+ billion trusted global innovator of business and technology services. We serve 75% of the Fortune Global 100 and are committed to helping clients innovate, optimise and transform for long-term success. As a Global Top Employer, we have experts in more than 50 countries and a robust partner ecosystem of established and start-up companies.

Our services include business and technology consulting, data and artificial intelligence, and industry solutions, as well as the development, implementation and management of applications, infrastructure and connectivity. We are also one of the world's leading providers of digital and AI infrastructure. NTT DATA is part of NTT Group, which invests over \$3.6 billion each year in R&D to help organisations and society move confidently and sustainably into the digital future.

Discover more at uk.nttdata.com

Amid Trump's tariffs and Asia's digital pivot, the quiet end of dollar dominance is underway



Sam Ahmed
COO Global Financial Markets
DBS Bank

As countries pursue digital alternatives and build new trade rails, the early signs of de-dollarisation are beginning to take shape.

Countries across Asia and the Global South are quietly redrawing the contours of global finance amid growing geopolitical tensions and economic volatility. The increasing use of sanctions, tariffs, and extraterritorial financial controls by the United States has raised growing unease over continued reliance on the US dollar.

Once viewed as a stable and liquid medium of exchange, it is now increasingly seen as a source of volatility and a means of oversight which goes beyond the control of sovereign nations and global corporations.

Several governments have been adopting prudent measures to decouple from external shocks, volatility and uncertainty that increasingly characterise today's global marketplace. The strategy has been to build alternative trading blocs and payment corridors with like-minded partners committed to maintaining cross-border trade and commerce - supported by emerging technologies, such as blockchain and digital currencies.

These offer advantages: low cost, real-time settlement, and for some countries, the ability to sidestep politically driven restrictions tied to the dollar and legacy dollar-clearing infrastructure, which allows the US government full visibility on global dollar-based transactions.

A notable example of an alternative trading bloc is the Brics grouping, which now comprises ten countries. China's trade with fellow Brics nations surpassing US\$648 billion underscores the bloc's growing economic heft. Now among the world's largest trade alliances, the grouping is also exploring the launch of a digital currency, potentially backed by member-state central bank digital currencies (CBDCs) and commodities such as gold.

On the crypto front, Bitcoin and Ether have reportedly been used in select oil transactions between Russia and India. And then there is Project Bridge - a collaboration between the central banks of China, Thailand, Hong Kong and the UAE - that is now enabling cross-border settlements using CBDCs. While still in its early stages, the building blocks of the imminent shift away from the dollar appear to be gaining momentum.

Countries are also connecting their domestic payment systems to facilitate faster, dollar-free transactions. For instance, India and Singapore have linked their instant payment systems, allowing for seamless Rupee-Singapore dollar transfers. India has also established a real-time payment corridor with the UAE for energy transactions - a landmark step that sidesteps the US dollar in oil trade.

But beyond these state-led initiatives, for blockchain and cryptocurrency purists - those who dream of a day when the US dollar and the complex machinery of traditional finance, with its banks, correspondent banks, custodians, clearing houses and central banks, are replaced by decentralised, transparent and borderless digital platforms - the wait will be long, and possibly disappointing.

To be sure, replacing the dollar won't be easy. In the short to medium term, it remains deeply entrenched: 88 per cent of all global foreign exchange transactions still involve the US dollar, thanks to its immense liquidity, trust and established infrastructure. That said, its role as a reserve currency is already slipping - falling from 64 per cent in 2016 to 57 per cent today. Central banks are quietly diversifying away from the mighty greenback.

This shift raises two key questions. Is the world turning to digital ecosystems solely to bypass US tariffs, sanctions and financial control? And if America were suddenly led by a benevolent isolationist - a modern-day Thomas Jefferson who championed "peace, commerce, and honest friendship with all nations" - would the world abandon blockchain and return to traditional finance?

The answer to both is no.

Banks and financial inclusion

Blockchain and crypto were not born out of today's geopolitics - they were forged in the ashes of the 2008 global financial crisis. It was then that a pseudonymous figure, Satoshi Nakamoto, proposed a radical alternative: a monetary system that didn't rely on central banks, governments or financial institutions at all.

While post-financial crisis banking has become more stable - thanks to tighter regulatory capital and liquidity requirements as well as risk frameworks - banks remain limited in who they can serve. One persistent gap is the unbanked and underserved population.

Today, approximately 1.4 billion adults globally remain unbanked, with a significant majority residing in developing economies. In Indonesia, about 51 per cent of adults and in the Philippines, 49 per cent respectively, lack access to formal financial services. Across the wider Southeast Asian region, this number is higher at 60 per cent of the population, according to a World Economic Forum report published in February 2022.

There are systemic reasons for this: conservative credit policies, burdensome onboarding requirements, high service fees, and in many rural areas, simple lack of access to physical bank branches.

However, thanks to the innovation of low-cost smartphones, mobile ownership today far exceeds bank account penetration. When it comes to the need for financing, a growing number of underserved users are turning to blockchain-based DeFi platforms - apps that can be easily downloaded on smartphones - allowing users to store, lend, borrow, send and receive value without ever stepping into a bank.

A trifurcated environment?

"It's not just about the traditional banking industry co-existing with a digital world built on blockchain and smart technology," says Rehan Ahmed, CEO of Marketnode, a digital markets infrastructure operator. He adds, "Within this digital ecosystem itself, there are centralised blockchain platforms that operate as licensed and regulated entities and the unregulated and decentralised ones, where ownership is distributed. In essence, we are seeing the global financial marketplace divided into three major ecosystems."

Rehan's reference is on point. A trifurcated global banking and financial marketplace is emerging, which simply put can be described as follows:

- TradFi - Today's banking system, with banks and financial institutions governed by a central bank and regulatory bodies.
- CenFi - Regulated centralised blockchain systems where governments can issue their own digital coin (or CBDCs) and trade with peer governments.
- DeFi - Decentralised blockchains, peer-to-peer ecosystems running independently of nation states or intermediaries that are not regulated.

In short, we are witnessing the birth of a fragmented financial architecture without common standards, shared global oversight or alignment in policies and practices. And in a world already divided politically and economically, this disintegration raises real risks - including the kind that have historically preceded major global conflicts.

"While Mr Trump's tariffs and sanctions may not be the root cause of this financial fragmentation, they have certainly accelerated it," notes Professor Emir HRNJIC, the Academic Director National University of Singapore Business School. "The trust-based order that once upheld the dollar as the unifying currency of global trade is beginning to fray," he adds.

What we are witnessing is not an outright rejection of the dollar, but the quiet erosion of its monopoly - driven by geopolitics, technology, and the pragmatic desire of nations to chart their own course in a more uncertain world.

Asia charting its own path

While America wrestles with its own identity, Asia is quietly charting its own path. As the world's fastest-growing region, countries across Asia must continue to promote growth, facilitate the cross-border flow of trade and capital, and shield themselves from the ripple effects of sanctions, tariffs, and geopolitical conflicts.

It's no surprise then that - from China to India, Japan to Thailand, and reaching as far as the Middle East and South Africa - governments and financial institutions are laying the groundwork for a new era of growth. This foundation is anchored in regional connectivity, digital infrastructure, and blockchain-enabled ecosystems.

This isn't a rebellion. It's an evolution - toward a more mature, consensus-driven financial and political order, where dialogue, diplomacy, and cross-border trade can truly thrive.

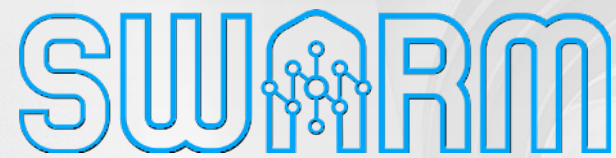
As the tectonic plates of global influence shift, the next chapter of financial leadership may not be written in Washington, Brussels or Moscow - but in Jakarta, Mumbai, Singapore, and Shenzhen.

Sam Ahmed is a senior banker living in Singapore who previously held leadership roles at DBS, Citi, Bank of America Merrill Lynch, and Lehman Brothers.

The Straits Times © Singapore Press Holdings Ltd.

Armstrong Wolfe Press Release

Armstrong Wolfe and [Swarm Dynamics](#)
Announce Strategic Alliance.



London, UK 16th July 2025: Armstrong Wolfe, the global financial services advisory firm focused on the COO community, is proud to announce a strategic alliance with [Swarm Dynamics](#), a leading provider of behavioural analytics and surveillance solutions.

This partnership is designed to deliver enhanced value to COOs across the international financial services sector by integrating cutting-edge behavioural science, productivity tools, and surveillance methodologies into the operational agenda.

The alliance combines Armstrong Wolfe's extensive network and insight into the evolving role of the COO with Swarm Dynamics' innovative approach to behavioural data analytics and communications surveillance. Together, the two firms aim to empower COOs with the knowledge, tools, and insights needed to drive operational excellence, cultural integrity, and regulatory resilience across their organisations.

Maurice Evlyn-Buften, CEO of Armstrong Wolfe, commented:

"The modern COO is being asked to lead on cultural transformation, operational risk, and sustainable productivity. This alliance with Swarm Dynamics strengthens our ability to support COOs with actionable intelligence that helps them respond to these increasing demands with clarity and confidence."

Harry Toukalas, CEO of Swarm Dynamics, added:

"Our alliance with Armstrong Wolfe represents a powerful convergence of behavioural science, AI and COO expertise. Together, we're uniquely positioned to deliver actionable intelligence that helps financial services leaders to prevent unwanted risks and enhance productivity."

Key areas of focus for the partnership include:

- » **Behavioural Comms Surveillance:** Providing unique behavioural-driven analytics beyond traditional methods to accurately detect misconduct, enable rapid correction, and reduce surveillance costs.
- » **Productivity Intelligence:** Identifying and supporting sustainable ways of working through behavioural data analytics.
- » **Community Engagement:** Co-developing thought leadership, roundtables, and research to elevate the strategic influence of the COO within the C-suite.

This alliance marks a significant step toward reimagining the role of the COO in a data-driven and ethically conscious era. Together, Armstrong Wolfe and Swarm Dynamics will support a more transparent, resilient, and effective operating environment across global financial services.

Discover more at swarmdynamics.ai

Tariffs: The Tail End of Non-Financial Risk, Financial Impact & the Role of Horizon Scanning

Implications for Investment Banking and Asset Management.

Tariffs illustrate how Non-Financial Risks - political, geopolitical, and policy-driven - can cascade into material financial consequences if not anticipated.

While tariffs are fundamentally a government policy lever, their effects ripple directly into corporate earnings, market valuations, and liquidity conditions. What may start as a political signal quickly becomes a financial reality.

The experience of Donald Trump's presidency underscores this point. Long before tariffs on China and other trading partners were imposed, Trump consistently signposted his intention to weaponize tariffs as a tool of economic and foreign policy. His campaign rhetoric was unambiguous - a clear warning of how trade policy would be reframed. For financial institutions, this provided a classic opportunity for horizon scanning: to detect the signals, assess the probability of policy translation, and prepare mitigating strategies in advance.

First-Line Ownership of Non-Financial Risk

In investment banking and asset management, the first line of defence - the revenue-generating and client-facing businesses - bears primary responsibility for identifying and managing such emerging risks. Traders, portfolio managers, and deal teams cannot simply rely on second-line risk or compliance functions to flag threats.

They must:

- » Monitor political and regulatory indicators that can shift market dynamics, such as tariff announcements or retaliatory trade measures.
- » Model impacts on portfolios, counterparties, and client exposures - from equity sectors dependent on global supply chains to creditworthiness of exporters.
- » Embed contingency planning in product design and client advice, ensuring that investment strategies and financing structures can withstand sudden cost or pricing shocks.

This proactive stance is not about duplicating compliance oversight; it is about integrating risk awareness directly into front-office decision-making, pricing, and client engagement.

Alignment with Operational Resilience

The discipline of horizon scanning and pre-emptive action also aligns closely with regulators' operational resilience expectations.

For example:

- » **Scenario testing:** Assessing how tariffs or trade restrictions could disrupt market infrastructure, settlement cycles, or key service providers.
- » **Critical business services mapping:** Identifying which trading desks, custody functions, or data providers are most exposed to global trade frictions.
- » **Client communication plans:** Ensuring investors receive timely, accurate information during periods of policy-driven market stress.

By embedding these practices, first-line teams strengthen the firm's ability to continue delivering critical services even as external shocks unfold.

The Takeaway

Tariffs are a vivid reminder that Non-Financial Risk often materialises as financial risk - and that early signals are usually visible to those who are scanning the horizon. In investment banking and asset management, first-line ownership of this scanning and the associated operational-resilience measures is not optional.

It is central to protecting capital, maintaining client trust, and sustaining competitive advantage when geopolitics turn into market reality.

WCOOC Rising Stars

Transformation Working Group 2025



Isabelle Scannell
iCOOC & WCOOC Relationship Manager EMEA & APAC
Armstrong Wolfe
I.Scannell@armstrongwolfe.com

Armstrong Wolfe recently concluded a focused 90 Day Programme centred on the **COO's Challenge in effecting transformation** across the financial services industry in partnership with NTT Data.

This initiative brought together in-business Chief Operating Officers from across our global network to address the complexities and demands of driving sustainable change in a rapidly evolving business environment, especially where they do not own Ops and Tech functions who manage that transformation.

Through a series of online sessions, the programme enabled participants to share strategies, identify common barriers, and explore approaches to transformation leadership at the executive level.

In parallel, as part of our Women in the COO Community (WCOOC) programme, a Rising Stars working group was formed to explore the same challenge - but from a different perspective. This group, comprising emerging talent identified as future leaders, brought fresh insights and practical perspectives to the discussion.

Their work ran alongside the senior programme, and culminated in a compelling presentation delivered to the senior COO cohort at a recent Armstrong Wolfe dinner. The opportunity to present their findings to seasoned executives was both a recognition of their efforts and a platform to amplify their voice within the wider COO community.

"This provided an adept cohort of investment banking women a welcome opportunity to network and shape banking frameworks for orchestrating large-scale change and transformation."

Amanda Anusionwu

Global Head of Regulatory Initiatives, HSBC

Participation in the Rising Stars initiative offered provided the chance for early-career professionals to collaborate across firms, build their networks, and gain a deeper understanding of the operational challenges facing the industry.

More importantly, it offered them visibility and access to senior leaders, enabling meaningful dialogue and mentorship.

By engaging directly with the COO community, the rising stars not only developed their strategic thinking and communication skills, but also took an active role in shaping the future of operational leadership.

"It was such an honour being asked to participate on the Rising Star Cluster cohort, it was a fantastic experience to meet such inspiring peers from across the industry and to work together to create a presentation on how best to deliver Transformation. Coupled with the opportunity to come together at the end, to hear thoughts from such experienced and professional COOs, NTT Data, and Armstrong members was an amazing way to end the programme."

Kim Hunter

Chief Controls Office, Barclays



"It was such a fantastic experience throughout the 90 days. I have learnt and reflected a lot throughout the interactions with the Rising Stars around leading and influencing large scale transformation programmes without direct control. Being able to collaborate and network with other professionals in the banking industry has made this experience even more fruitful. I will take away the learnings from the discussions and apply them to my existing/ future projects."

Kayley Ho
Senior Consulting Specialist, NTT Data UK&I



"Being part of the COO Cluster was a fantastic experience - working alongside like-minded, passionate, and driven individuals made it truly rewarding. The sense of community and collaboration was invaluable, and the network we built will continue to be a real asset. It was a great journey, and I'm grateful to have been part of it."

Yazmin Kemal
UKI Regional Management - Strategy, People and Culture, Deutsche Bank



Women in the COO Community WCOOC

Supporting, empowering & inspiring the female leadership of tomorrow.

Armstrong Wolfe's Women in the COO Community (WCOOC) initiative was established in 2016, and is now globally recognised across New York, Toronto, London, Paris, Hong Kong, and Singapore.

Its purpose is to champion the cause for advancement of women within financial services, focused on the leadership of tomorrow, those that will take the industry forward into the coming age.

Members of our global COO network come together to provide and present on subjects directly related to career management and advancement. We provide this through podcasts, articles, interviews, and events for which we recruit engaging speakers from within and outside the industry. We welcome people of any level of seniority to engage with our agenda.

WCOOC is led by industry professionals, its Chair, Vice Chair, and regional steering groups working together to provide timely and forward-thinking content and thought leadership.

Our Mission

- » To inspire and install ambition and confidence in the female leadership of tomorrow.
- » To enlighten tomorrow's leaders on the role of business management and the COO.
- » Through this enlightenment to establish the COO as an aspirational career destination.
- » To provide networking and confidence building opportunities with industry peers.
- » To provide a forum for cross-industry debate and engagement on market wide challenges.

Steering Group and Ambassadorship

The Steering and Ambassador Committees are formed from global banks supporting WCOOC and its inclusion initiatives. Their role is to help provide direction and support in the continuation of inclusive leadership for corporate success.

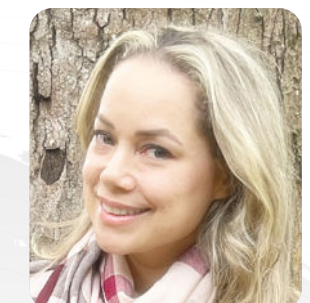
WCOOC Management Team



Julia Bunyatov
North American Head of iCOOC and WCOOC
Julia.Bunyatov@armstrongwolfe.com



Isabelle Scannell
Europe and Asia Relationship Manager
I.Scannell@armstrongwolfe.com



Ingrid Nevado
North America & Canada Relationship Manager
Ingrid.Nevado@armstrongwolfe.com

North America, EMEA & APAC Steering Groups

North America

Andres Oranges

MD, Global Head L&F Services
RBC

Caitlin Behrens

COO, Americas
Standard Chartered Bank

Gail Carmody

Chief Administrative Officer
Golub Capital

Jaime Pelosi

AVP & Managing Director
TD Securities

Lisa Buhain Winslow

Managing Director, COO Global Public Markets
Morgan Stanley Investment Management

Paul Rosa

Chief Operating Officer
Instinet Incorporated, Nomura

Rhiannon Wakefield

COO Americas
TP ICAP

Robert Carper

Global Markets COO Americas
UBS

Rosanne Park

COO, US Corporate & Investment Banking
Scotiabank

Suzie Roberts

Managing Director
FIC Business Management
Deutsche Bank

EMEA

Yvonne Waldron

Treasury Services Global Business Change Lead
and EMEA CAO
BNY

Sophie Rutherford

MD, EMEA Head of FX Business Risk
State Street

Emma Prophet

Global Head of Operations
TP ICAP

Natalie Golding

COO
Payment Systems Regulator

Becky Hewitt

Chief of Staff
Kin&Co

Thomas Snowden

Strategic Projects EMEA Executive Team
BlackRock

Anna Chadderton

Head of International FICC Operations
Goldman Sachs

Samantha Alexander

UK Chief Operating Officer
DWS Group

APAC

Fatema Bookwala

COO Markets & Securities Services ASEAN
HSBC

Katy Matvey

Former APAC COO
Wells Fargo

Dawn Tan

APAC Head of Operations
TP ICAP

Stiofan De Burca

Chief Financial Officer
JP Morgan Asset Management



GCFBOSNIA
FOR THE CHILDREN OF GORAŽDE

GORAŽDE CHILDREN'S FOUNDATION GCF



GCFBOSNIA.ORG

OUR MISSION

To honour the legacy of British soldiers who served in Bosnia and to support the children and community of Goražde through education, cultural exchange, and infrastructure development.

WHO WE ARE

Founded in 2013 by British veterans of the Bosnian War, the Goražde Children's Foundation (GCF) began as a tribute to those who served and sacrificed during the conflict. Inspired by the gratitude of local schoolchildren who performed for visiting veterans, GCF evolved into a beacon of hope, fostering lasting connections between the U.K. and Goražde.

OUR IMPACT

GCF has transformed the educational landscape of Goražde through initiatives like:

- » School Refurbishments: Revitalized classrooms and facilities, including new flooring, an all-weather sports playground, and modern chemistry equipment.
- » Cultural and Educational Programs: Hosted annual art and creative writing competitions, with prizes such as educational trips to London. Workshops are led by esteemed professionals, like Fellows of the Royal Literary Society.
- » Memorial Projects: Established a marble memorial to honour six British soldiers who gave their lives during the conflict.
- » Community Engagement: Organized the annual GCF100 Sarajevo to Goražde charity cycle ride, fostering international solidarity and raising vital funds.

OUR VISION FOR 2026

We aim to:

- » Refurbish the School Gymnasium: Estimated cost: £80,000-£100,000.
- » Establish a Local NGO Office: This multi-purpose space will include a cycle repair and coffee shop, serving as a hub for community engagement and promoting Goražde as a cycling destination.
- » Launch Hill 72 Educational Park and Museum: Transform the memorial site into a learning space commemorating the 72 British soldiers who lost their lives and celebrating the U.N.'s role in Bosnia. This initiative aims to attract dignitaries and tourists alike.

HOW YOU CAN HELP

GCF's continued success depends on generous contributions from individuals and organizations. Here's how you can support:

- » Corporate Sponsorship: Fund specific projects or sponsor events like the GCF100 cycle ride.
- » Individual Donations: Contribute via our Just Giving pages.
- » Partnerships: Collaborate with us to enhance educational and cultural exchange programs.

JOIN US IN MAKING A DIFFERENCE

Your support ensures a brighter future for the children of Goražde while honouring a shared history of service and sacrifice. Visit us at www.gcfbosnia.org or contribute directly via [Just Giving](#). Together, we can create a legacy of hope and opportunity.



iCOOC Events

Calendar of Events Q4 2025

Key

WCOOC Buy Side Sell Side

Date	Event	Location	Target Audience
22nd October 2025 08:00 - 09:00 BST 15:00 - 16:00 HKT	Buy/Sell Side Online Symposium EMEA / APAC	Online APAC Online EMEA	MD Participation where the individual has a specific mandate in line with the agenda. VP+ in a listening capacity
28th October 2025 18:00 - 20:30 EDT	Q4 New York Asset Management Chief Operating Officer Dinner	In Person New York	MD Participation where the individual has a specific mandate in line with the agenda
29th October 2025 18:00 - 20:30 EDT	Q4 New York Banking and Markets Chief Operating Officer Dinner	In Person New York	MD Participation where the individual has a specific mandate in line with the agenda
30th October 2025 18:00 - 20:30 EDT	Q4 New York Banking and Markets Chief Control Officer Dinner	In Person New York	MD Participation where the individual has a specific mandate in line with the agenda
5th November 2025 17:00 - 20:00 GMT 17:00 - 18:30 EDT 01:00 - 02:30 HKT	Cross Divisional Hybrid Call and Dinner	In Person London Online NA Online APAC	Group CCO
6th November 2025 18:00 - 20:30 GMT	Q4 London SMF24 Dinner	In Person London	MD Participation where the individual has a specific mandate in line with the agenda
13th November 2025 17:30 - 20:00 EST	Women in the COO Community NA Panel Evening	In Person New York	Open to all levels of seniority for women and male allies – New York based

Please note: This programme may be subject to change based on market events. Agendas will be agreed & shared with members approximately 4 weeks before the event.

Key

WCOOC Buy Side Sell Side

Date	Event	Location	Target Audience
6th November 2025 18:00 - 20:30 GMT	Women in the COO Community APAC Online Panel Session	Online APAC	Open to all levels of seniority for women and male allies - APAC based or time zone compatible based
19th November 2025 07:00 - 08:00 GMT 16:00 – 17:00 HKT	Q4 London SMF24 Dinner	In Person London	MD Participation where the individual has a specific mandate in line with the agenda
20th November 2025 08:00 - 09:00 GMT 16:00 - 17:00 HKT	Women in the COO Community APAC Online Panel Session	Online APAC	Open to all levels of seniority for women and male allies - APAC based or time zone compatible based
25th November 2025 18:00 - 20:30 GMT	Q4 London Commodities Dinner	In Person London	MD Participation where the individual has a specific mandate in line with the agenda
26th November 2025 18:00 - 20:30 GMT	Q4 London Asset and Wealth Management Chief Operating Officer Dinner	In Person London	MD Participation where the individual has a specific mandate in line with the agenda
27th November 2025 17:30 - 20:30 GMT	Women in the COO Community EMEA Panel Evening	In Person London	Open to all levels of seniority for women and male allies - UK based
2nd December 2025 18:00 - 20:30 GMT	Q4 London Banking and Markets Chief Operating Officer Dinner	In Person London	MD Participation where the individual has a specific mandate in line with the agenda
3rd December 2025 18:00 - 20:30 GMT	Q4 London Banking and Markets Chief Control Officer Dinner	In Person London	MD Participation where the individual has a specific mandate in line with the agenda
9th December 2025 16:00 - 17:00 GMT 11:00 - 12:00 EST	Q4 Algo Trading Forum	Online NA Online EMEA	MD Participation where the individual has a specific mandate in line with the agenda. VP+ in a listening capacity

Please note: This programme may be subject to change based on market events. Agendas will be agreed & shared with members approximately 4 weeks before the event.

Contact

Maurice Evlyn-Buften
CEO Armstrong Wolfe

maurice.evlyn-buften@armstrongwolfe.com

Terry Yodaiken

CAO & Global Head of Wealth & Asset Management

t.yodaiken@armstrongwolfe.com

Find us on LinkedIn: [Armstrong Wolfe](#)

Find us on LinkedIn: [Women in the COO Community](#)



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