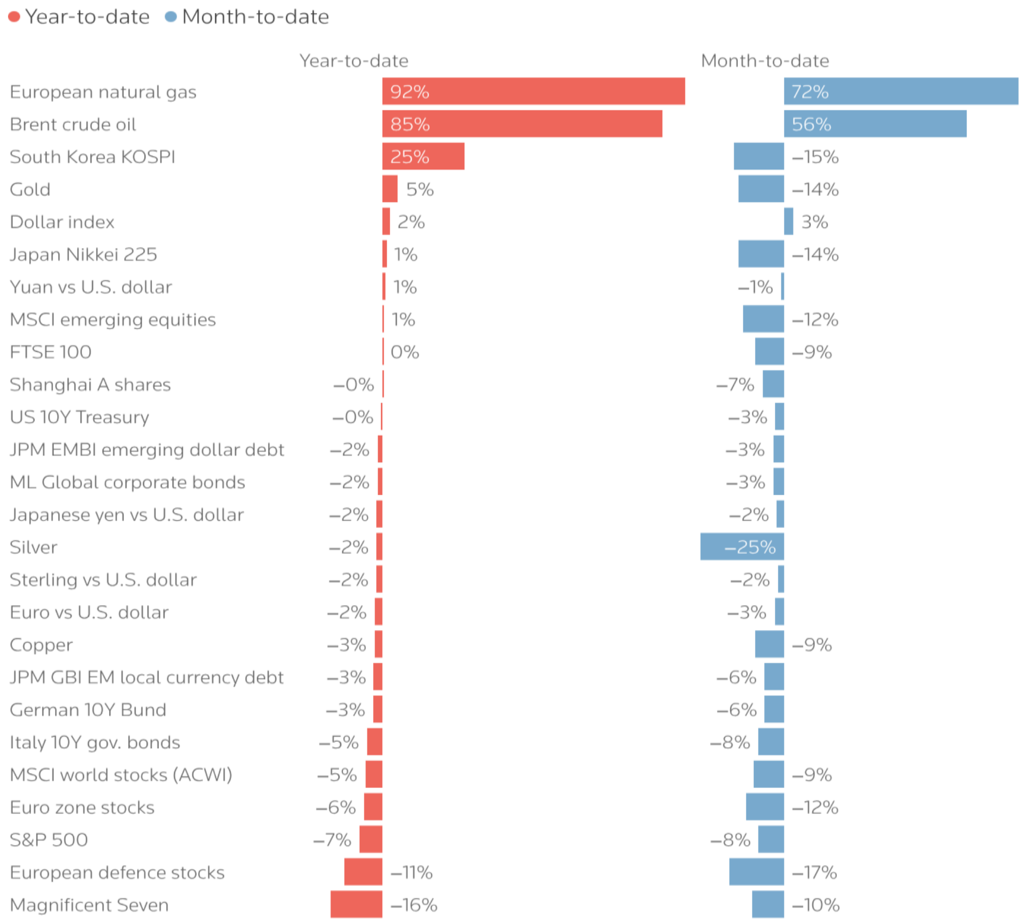
March 2026: What Bank and Asset-Management Boards Should Be Watching Now

March 2026 was a reminder that directors of banking, asset-management, and fund organizations are no longer governing in neatly separated lanes of “macro,” “technology,” and “regulation.” The month’s most important developments showed how quickly those themes now interact: trade and tariff uncertainty fed market volatility, geopolitics (Middle East, Ukraine/Russia, Venezuela, Greenland; see below for MTD and YTD results through March 31 from LSEG Datastream)[i] drove oil and inflation fears, AI shifted from an efficiency story to reshape credit judgments and portfolio valuations, cyber risk widened from security to a business-resilience issue, and regulators continued to redraw boundary lines around crypto, cyber oversight and market structure.

Downward March

Iran war has sent oil and gas prices surging, but hammered risk assets



The first board lesson from March is that **volatility itself is becoming a governance topic**. Reuters and AP documented how investors reacted to war risk, tariff signals, and oil-price swings during the month, and highlighted that Advisers are using volatility as an opportunity to rebalance portfolios that had become over-risked amid last year's big gains, while the *Wall Street Journal* and *AP* highlighted how quickly policy surprises could move markets[ii]. For banks, that means funding, collateral, and credit assumptions can change abruptly. For asset managers, it means client behavior, allocation patterns, and product flows may shift faster than standard quarterly reviews capture. ***Boards should require management to stress test a wider range of scenarios, from recession to policy-shock to geopolitical-whiplash.***

The second lesson is that **AI is now influencing asset quality and underwriting**[iii]. Reuters reported in March that lenders and structured-credit investors were rethinking software exposure as AI threatens some existing business models[iv]. CLO managers are cutting software risk, and banks are demanding more from private-credit funds.[v] Industry leaders, including BlackRock's Larry Fink, emphasize that AI is increasingly pervasive, with gains to the companies, investors and countries engaged with it, and is accelerating the transfer of wealth to asset owners and expanding the wealth gap[vi]. For directors, this highlights that AI is a multi-faceted risk and opportunity, requiring careful portfolio-construction and credit-governance, use for efficiency and business model transformation, care in technology selection and P&L choices, and attention to the human impact both within and outside the organization. ***Directors should ask where AI disrupts the earnings power of the companies and sectors the firm finances/owns, how it disrupts the business model and impacts customers.***

Third, March underscored that **cyber resilience** cannot be separated from operations. Reuters reported that U.S. banks moved to high alert as Iran-linked cyber risks intensified, and AP described the widening cyber threat environment tied to the conflict[vii]. At the same time, Reuters' reporting on Lloyds showed that a systems glitch exposed nearly half a million customers' data, as the company has accelerated its digital and reduced its human-branch footprint[viii]. ***Boards should treat these events as evidence that resilience, customer and reputational damage are now tightly linked, and must be provided with risk heatmaps indicating which services must remain functional under stress: trading, payments, custody, NAV production, client reporting, and digital channels.***

Fourth, the **regulatory environment** continued to evolve quickly. The SEC's March 17 crypto guidance was a major step toward defining how federal securities laws apply to digital assets, specifically classifying crypto tokens into five categories (digital commodities, digital collectibles, digital tools, stablecoins and digital securities), with the agency specifying that federal securities laws only apply to digital securities. The SEC also said that a "non-security" crypto asset could become subject to securities laws if an issuer offers it by promoting investment in a common enterprise from which a purchaser could expect to profit, and that the agency may consider a safe harbor proposal to provide crypto companies with "bespoke pathways" to raise capital, while maintaining appropriate investor protections.[ix] At the same time, the SEC withdrew its proposed cyber risk-management rule for advisers and funds, and later approved steps to reduce Consolidated Audit Trail (CAT) costs. Taken together, these actions suggest a regulatory environment that is active but changing in tone and emphasis. ***Boards should require a live regulatory dashboard that translates Washington and supervisory developments into concrete product, disclosure, staffing, and control decisions.***

Finally, March hinted at where the **next governance frontier** may lie. AP reported on a planned crypto-backed mortgage offering, showing that digital assets continue to move deeper into mainstream financial intermediation[x]. And the *Wall Street Journal* flagged Google research suggesting quantum threats to digital-asset cryptography may be advancing faster than many had assumed, potentially impacting custody, digital-asset security, secure communications, identity, and long-dated technology architecture[xi]. ***Boards should require emerging technology / governance briefings about custody design, cryptographic dependencies and post-quantum readiness.***

March demonstrated that these issues are part of a complex, interconnected system. Trade shocks affect markets, markets affect liquidity and client behavior, AI affects credit and valuations, cyber events affect operations and trust, and regulatory change affects product design and risk appetite. Boards must gain facility with complex system analysis and management, requiring dashboards with insightful KPIs and KRIs, and conducting frequent tabletop exercises to assess impacts, gauge linkages and prepare crisis plans before they are put to the test.

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[i] https://www.reuters.com/business/oil-war-top-financial-markets-worry-list-an-uncertain-q2-2026-03-31
[ii] https://www.reuters.com/markets/on-the-money/6-strategic-moves-investors-volatile-market-2026-03-11, https://apnews.com/article/stocks-markets-oil-iran-trump-026e3ab83a6256e36001b85058f92b5d, and https://www.wsj.com/finance/investing/the-well-timed-trades-made-moments-before-trumps-policy-surprises
[iii] https://www.reuters.com/business/finance/ai-disruption-will-challenge-lending-decisions-coming-years-goldman-exec-says-2026-03-04/

[iv] https://www.reuters.com/business/finance/debt-investors-offloading-exposure-software-companies-is-latest-sign-pain-2026-03-17/

[v] https://www.reuters.com/legal/transactional/us-banks-raising-borrowing-costs-private-credit-funds-ai-fears-pummel-valuations-2026-03-31

[vi] https://www.reuters.com/business/blackrock-ceo-fink-backs-staying-invested-amid-volatility-flags-ai-shift-2026-03-23

[vii] https://www.reuters.com/business/finance/us-banks-high-alert-cyberattacks-iran-war-escalates-2026-03-03 and https://apnews.com/article/cyber-threats-iran-war-trump-israel-hackers-2c0ae77b1799b3d1c5b1353f7798f8ff

[viii] https://www.reuters.com/sustainability/boards-policy-regulation/nearly-half-million-customers-hit-by-lloyds-it-glitch-that-exposed-transaction-2026-03-27

[ix] https://www.reuters.com/world/us-securities-regulator-issues-long-awaited-crypto-guidance-2026-03-17/ and https://www.sec.gov/newsroom/press-releases

[x] https://www.reuters.com/sustainability/boards-policy-regulation/nearly-half-million-customers-hit-by-lloyds-it-glitch-that-exposed-transaction-2026-03-27

[xi] https://www.wsj.com/livecoverage/stock-market-today-dow-sp-500-nasdaq-03-31-2026/card/google-paper-warns-of-quantum-computing-risk-for-bitcoin-x4yBALvF5ezP4R8mk25q