Observing financial practices

An antidote to the limitations of interviews?

Introduction

The methodological issue is at the heart of critical perspectives in finance research (Bay & Schinckus, 2012; Borch & Wosnitzer, 2020). Indeed, these are generally distinguished from classical financial theories by a rejection of hypothetico-deductivism. To understand how financial markets actually work, modeling based on neoclassical behavioral assumptions is not the most appropriate method. The subprime crisis, which is so difficult to integrate into conventional models, has underpinned this argument. The methodological alternative proposed by these critical currents is therefore a more inductive approach, which takes financial practices as the starting point for theoretical construction. It could even be argued that the radical nature of the criticism is proportional to the inductivity of the approach. Thus, behavioral finance is a friendly critique of classical theory, which it aims to reinforce by explaining its anomalies. To this end, it tolerates an "inductive deviation" – the identification of biases by experimental means – to better consolidate classical deductive modeling, with more solid behavioral hypotheses (Schinckus, 2009). In contrast to this "inductive minimalism", some resolutely critical research fully assumes its inductivity.

Such is the case of the *Social Studies of Finance*. This sociological approach aims to shed light on the workings of financial markets through empirical investigation. In particular, it accounts for the construction of market segments by uncovering the sociological conditions that led to their emergence. The canonical research in this field is that of Donald MacKenzie. In his classic work, *An engine, not a camera. How financial models shape markets*, MacKenzie (2006) masterfully demonstrates the role of an economic theory – the Black-Scholes pricing model – in the genesis of the options market. The Black-Scholes model describes not so much a pre-existing reality as a state of the world that it has helped to bring about: through various channels of influence, it has become true. To attest to these "channels of influence" at the source of the model's performativity, MacKenzie relies on a resolutely inductive approach. What he discovers empirically, then generalizes theoretically, could not have been postulated. He thus demonstrates the (critical) power of inductivity.

But what inductivity? How does MacKenzie access the "empirics" at the root of his research? Through interviews. Numerous interviews[1], brilliantly conducted with the protagonists of financial history. In his wake, most critical finance researchers rely primarily on interviews (e.g. Coombs, 2016; Petry, 2020; Hansen & Souleles, 2023). Given the widespread use of this resource, the methodological virtues of interviews with experts in the field are sufficiently well known and recalled. This article proposes instead to interrogate this dominant practice, in the light of another unjustly neglected inductive method: observation. Drawing on my own ethnographic experience (a three-month internship in a trading room, followed by

[1] Over 60 for *An engine, not a camera* (see Appendix H), and 337 for his latest book on high-frequency trading (MacKenzie, 2021).

numerous site visits to monitor the practices of asset managers), it argues that some of the too rarely discussed limitations of interviews with financial actors can be overcome through observation. This is not, of course, to discredit research based on interviews, but to open a methodological dialogue in order to build even more robust critical knowledge about finance.

The limitations of interviews in the world of finance

When discussing the potential biases of the interviews he conducted, MacKenzie refers to conflicts of interpretation between the various protagonists of financial history. Indeed, rivals are likely to relate contradictory versions of the same event. This bias is limited in MacKenzie's research by the triangulation of interviews: the conflict of interpretations can, for example, be clarified by a third interview conducted with a person outside the rivalry. This is indeed a potential bias and a valid way of limiting it. But, in our view, it is just one bias among many, and the most easily circumvented. Three other problems threaten the heuristic virtues of the interview. And more fatally: they cannot be solved by further interviews, but require us to rely on something else… Observation.

1. The inadmissible

Unlike the disputes between rivals evoked by MacKenzie, some issues are consensually hidden. All financial actors agree not to expand on certain realities of the financial industry in their answers. Talking about them would damage the reputation of all of them, as members of this social milieu. This situation deprives the critical researcher of particularly valuable empirical material. This first limitation is particularly evident in two areas: morality and legality.

The financial world is normatively highly charged. And its members are well aware of this. With very few exceptions (which it would be very fortunate to interview), financial workers are not eager to comment on this aspect of their profession. A remark I have heard frequently – and I am sure I am not alone – is intended to "deflate" some of the morally controversial expectations attached to the world of finance:

"*I don't know what you were expecting… But this is a far cry from* The Wolf of Wall Street*… It's calmer and more serious. I hope you're not disappointed* (laughs)" (interview extract).

More problematically, this "deflation strategy" can take the form of circumventing or even lying about certain issues. The most obvious example is remuneration. It is notoriously perilous to broach this major issue in interviews with financial actors. In any case, interviewees do not spontaneously address this aspect of their business. Given the preponderance of interviews in critical research on finance, this is undoubtedly one of the factors explaining the low number of critical academic analyses of remuneration in financial markets. One of the few critical researchers to take a close look is Olivier Godechot, in particular in his book *Working* *rich. Salaires, bonus et appropriation du profit dans l'industrie financière* (Godechot, 2007). In this context, Godechot had to rely on resources other than interviews, in particular his ethnography of a trading room, which had given rise to his first book, *Les traders. Essai de sociologie des marchés financiers* (Godechot, 2001).

How can observation, rather than interviews, help us to grasp this issue of remuneration in the financial industry? Thanks to certain decisive moments, such as the negotiation of the annual bonus. By living this event with employees, the sociologist is able to understand the dynamics of sharing added value. What is more, since the employees now know that the sociologist is witnessing this event, they have nothing to hide and can discuss their hopes and disappointments more freely. During my field experience, it was precisely the observation of a particular device on a trader's screen that triggered a discussion on the mechanisms of his remuneration:

- *And, on the right of the screen, what's that number?*
- *This is my P&L* [profits & losses]*, the most important indicator. It's on the basis of this figure that my bonus is calculated each year.*
- *You've got a target to reach, haven't you?*
- *Exactly. And if you beat it, you get a bonus.*

The same applies to other morally-charged themes that surround the financial world, such as drug use and sexual consumption.

The second area of the "inadmissible" concerns practices on the bangs of legality. Like morally hot practices, these are both central to the financial world and understudied in academic literature. A private banker will generally stress the cumbersome KYC (know your consumer) standards imposed by the MiFID directives, rather than the techniques for relaxing them in practice. Only observation of the banker's relationship with his customer can reveal these daily micro-deviations from the law. Another example, taken from my own experience in the field, is the ban on proprietary trading imposed on Belgian banks in the wake of the subprime crisis. Just as the private banker insists on the cumbersome nature of the legislation, most of the traders I meet explain to me, often nostalgically, that the post-crisis regulations are a real straitjacket:

"*That was before you should have come... Now there's nothing we can do. They wanted to regulate, because it's true that there were certain abuses, but they went much too far... No, now it's over. All we do now is execute client orders. You would have seen it before…*" (interview extract).

What my interviews did not want to reveal all the strategies that enabled traders to maintain a margin of maneuver within this new legislative framework. Under Belgian law, the bank's traders can no longer buy and sell securities with the bank's money according to their own convictions, but must content themselves with the role of intermediary executing customers' buy and sell orders. For example, Ikea wants to exchange 40 million euros for Swedish kronor, and transmits the order (via a salesperson) to the trader, who buys the kronor to sell it to Ikea at a slightly higher price. On paper, then, it is "a button-pressing role", as older traders complain. In the trading room, things are sometimes different. During an afternoon of observation at the desk of an experienced currency trader, I noticed that he was placing numerous buy orders without having received the slightest request from a salesperson.

- *Which customer's orders did you just place?*
- *None at all. It's just that it's cheap and you have to take advantage of it.*
- *Ha, can you do that?*
- *As long as it stays within certain limits, it's okay. When they* [Central Bank inspectors] *come to ask us questions, we always find something to say. "This order is because we're anticipating a customer request…".*

In order to broach "inadmissible" topics, the interview thus comes up against limits that observation can help to overcome. Even more so in the financial sector, where many professions include a significant commercial dimension, training these employees in smooth, controlled… and partial communication.

2. The unconscious

The interview cannot reveal what the interviewee does not want to say. Nor can it reveal what the interviewee cannot say. This is a classic theme in human sciences – that of the unconscious. Sociology in the Bourdieusian tradition has placed considerable emphasis on this issue, but a key methodological implication sometimes seems to have been forgotten: social actors are "caught up in the game" of the social world, and lack the reflexivity about their practices that researchers in the human sciences can afford (Bourdieu, 1980). They have incorporated ways of thinking and acting that have become so automatic that they can no longer be objectified. This is why interviews rarely reveal everyday, banal behaviors that have become so profound that they disappear from the consciousness of the interviewees. As a result, interviews tend to focus on event narratives, which correspond well to historical narratives (such as MacKenzie's), but leave structuring routines in the shadows.

This second limitation is particularly worrying at a time when critical research on finance is undergoing an "infrastructural turn" (Pinzur & Duterme, 2025; Westermeier et al., 2025). Indeed, in order to grasp the objects and practices that underpin the day-to-day functioning of financial markets, interviews often appear inadequate. For example, in my research on the power of financial information providers, I would never have identified the pivotal role of the Bloomberg Terminal without an experience of participant observation (Duterme, 2023a). When I asked them about the information channels they used, traders and asset managers evoked central bank announcements, quarterly corporate reports, US unemployment figures… but without thinking of mentioning the medium through which all this information reached them – formatted and even pre-interpreted! Too obvious to be said, the use of the Bloomberg Terminal was not mentioned during interviews devoted to financial information. Once again, it is likely that the lack of research on this central Terminal is linked to this second limitation of the interviews.

Observation is the obvious antidote. After 8 hours in the trading room, I could no longer ignore the centrality of this informational device. All the traders and salespeople were filling their screens with different Terminal windows (see Figure 1 below).

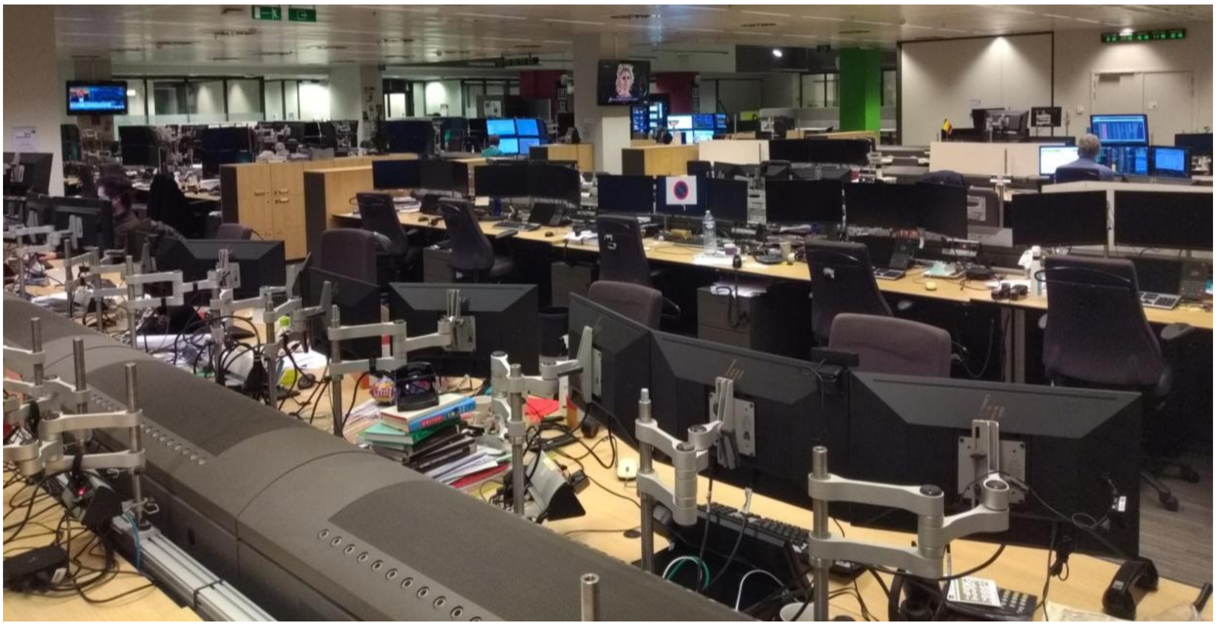

Figure 1 - Photograph of the trading room (end of day), from Duterme (2024a)

This second limitation has less to do with the interview than with reducing it to its purely "textual" dimension. As Pierre Bourdieu (1993) reminded us, the interview is a social relationship, whose various components constitute exploitable empirical material. In other words, the researcher must adopt an embedded conception of the interview, integrating into the analysis the conditions – spatial, temporal, sociological – of its realization. In a plea for "ethnographic interviews", Bourdieusian sociologist Stéphane Beaud (1996) similarly calls for interviews to be combined with close observation of the dynamics at work in the field. Observation can thus enrich the interview, "freeing" it from its unconscious blind spots. In this conception, the interview is irreducible to a verbal exchange (such as could take place via e-mail), but takes on a sociological density that constitutes fertile empirical material.

3. The unspeakable

We have therefore argued that the interview can reveal neither what the interviewee *does not want* to say, nor what the interviewee *cannot* say. Finally, we wish to emphasize that the interview cannot reveal what cannot be said. Regardless of the interviewee's level of reflexivity, certain dimensions of reality are not language-based. Against the "monopoly of language", pragmatist philosophers and sociologists have thus recalled the often highly instructive infra-language stakes (Berger, 2017). In his famous typology, Charles Sanders Peirce distinguishes three types of meaning (i.e., relations between sign and object): iconic (the sign resembles its object), indicial (the sign bears the mark of its object) and symbolic (the sign refers, by virtue of a convention, to its object). The object "fox" can thus be signified by a drawing (icon), a paw print left in the snow (index) or the word "renard" to which it is conventionally linked in French (symbol). However, the interview, insofar as it is conceived as a linguistic exchange, can only capture the third type of meaning.

Once again, this limit poses a particular problem for critical research into the financial world. The sensory environment of traders and asset managers is mostly populated by fluctuating numbers, flashing colored arrows and automated warning signals… at least as much as by words! And yet, to fully grasp the influence of these different types of signs on the behavior of actors in the financial world, "non-linguistic" tools are needed. Along with pragmatist sociologist Jean De Munck, we have argued elsewhere that ethnographic observation, backed by Peirce's semiotic concepts, is a rich method for investigating these iconic and indexical influences (De Munck & Duterme, 2025).

To assess the influence of stock market indices, for example, interviews with industry actors, accompanied by analyses of financial flows, can shed light on the concentration of index providers (Petry et al., 2021). But beyond this dimension of economic reality, the study of the concrete processes by which traders' position-taking decisions are influenced by index movements requires a different mode of investigation, based on "semiotic observation". Using this approach, I have attempted to highlight the plurality and dynamism of the channels through which indices influence traders' behavior. Depending on the stock market situation in which it appears, the index may refer to different objects and thus elicit different reactions from the trader (cf. Table 1 below). It may, for example, reflect the turmoil in the market as a whole, the behavior of another precisely identified trader (the spoofer), or a convention of interpretation accepted in the financial community (the roundophobia). These dynamics, admittedly more microsociological than macroeconomic, can only be captured by observing the decision-making process in action.

	First index	**Second index**	**Third index**
Relation to the object	*Iconic* (looks like the market)	*Indexical* (marks the behaviour of peers)	*Symbolic* (refers to a collective interpretation)
Relation to the interpretant	*Rhematic* (suggests potentiality on the state of the market)	*Dicent* (proposes a mimetic response)	*Argumentative* (implies a revision of the position)
Examples	Technical analysis, general impressions on the state of the market	Detection of a spoofer, interpretation of a shocking fact (e.g. a sharp rise)	*Roundophobia/Black-Scholes* model, unanimous conclusion of a typical phenomenon

Table1 - Two Peircian triads applied to stock market indices, from Duterme (2023b)

Conclusion

We have attempted to advance certain heuristic virtues of observation, as an antidote to three limitations of interviews. Particularly in the context of critical research in finance, observation can help to capture what interviewees are unwilling or unable to say, or what simply cannot be told. However, this research method is itself not without its limitations. Indeed, research based exclusively on observation is subject to numerous “risks”: pure description (without explanations), lack of macro-sociological scope, too little distance from field realities… In the field of financial research, some anthropological works, while highly instructive on the dynamics that run through financial markets, do not escape this bias (e.g. Holmes, 2013; Beunza, 2019). As we have developed elsewhere (Duterme, 2022, 2024b), such research tends to take “at face value” the field experiences that their privileged interlocutors give them to see.

Hence, this paper is less an apology for observation than a call for methodological pluralism. Just as Stéphane Beaud (1996) argues in favor of combining interviews and field experience through the “ethnographic interview”, we believe it is fruitful to temper the limitations of one method by mobilizing another. As the interview is the most popular method in critical research on finance, we have focused on its limitations and the means of overcoming them through observation. Other methodological innovations, such as the use of financial data processing software at the heart of financial markets (the Bloomberg Terminal), have also proved their worth, via several pioneering publications (e.g. Fichtner et al., 2024). The main lesson here is not to mobilize the interview with a faith blinded by the success of this method, but to always adopt a reflexive point of view on one’s own approach. After all, shouldn’t critical research on finance first and foremost be critical of itself?

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