

Press Release

CFS survey: German financial industry takes a neutral to sceptical view of the potential impacts of Donald Trump's presidency – Very little expectation of positive effects

FRANKFURT, 5 May 2017. According to a recent survey by the Center for Financial Studies, Germany's financial industry is predominantly expecting Donald Trump's presidency to have a negative or at best a neutral impact. This applies equally to effects on global economic growth and the economies of Europe and Germany. Over 40% of the surveyed financial institutions and service providers clearly anticipate negative outcomes; almost 50% expect the effects to be neutral; just 5% foresee positive impacts.

"So far there is no clear, recognisable strategy for America's future economic policy. But Trump's comments to date, which have wavered between protectionism and deregulation, are being met with confusion and scepticism by the majority of market participants. This uncertainty alone is damaging to global growth," Professor Volker Brühl, Managing Director of the Center for Financial Studies, interprets the results.

Doubts over whether a significant deregulation of US financial markets will be implemented – Move would entail competitive disadvantages for European banks

Donald Trump was inaugurated as the 45th US president in late January. The first 100 days in the Oval Office are always regarded as a particularly crucial period, and Trump has already made use of this time to implement a whole series of election promises. On the question of whether significant deregulation of the US financial markets can actually be expected under Trump's presidency, opinions within the German financial industry are divided. Half the respondents (50%) expect the corresponding measures to be implemented under Trump, while 45% do not believe there will be significant deregulation of the US financial markets.

However, should regulations for US banks actually be relaxed, the competitiveness of European banks is likely to suffer. On this point, the majority of the financial industry is in agreement (68%).

Commenting on the survey's results, Hubertus Väth, Managing Director of Frankfurt Main Finance e.V., explains that "the uncertainty surrounding what the administration can achieve under the given political circumstances still remains high. The majority expects the worst and hopes for the best, which is a prudent *modus operandi*."

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The results are based on a quarterly management survey of around 400 companies in the German financial sector.

The Center for Financial Studies (CFS) conducts independent and internationally-oriented research in important areas of Financial and Monetary Economics, ranging from Monetary Policy and Financial Stability, Household Finance and Retail Banking to Corporate Finance and Financial Markets. CFS is also a contributor to policy debates and policy analyses, building upon relevant findings in its research areas. In providing a platform for research and policy advice, CFS relies on its international network among academics, the financial industry and central banks in Europe and beyond.

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