

# AAll Survey: Readers Predict the Most Impactful Developments in Finance for 2018

Change is a constant in the financial world. New services, products and technologies are always coming to the market. In turn, consumers are confronted with new ways to think about their finances.

Some of the trends facing the field of finance this year include:

- Higher interest rates
- Tax reform
- An expanding role of artificial intelligence (AI)
- Fintech being embraced by more traditional financial institutions
- And much more

## AAll Weekly Survey Question

As we near the end of the first quarter of 2018, time is running out on predictions for the year. With this in mind, last week's AAll survey question asked:

Which of the following do you think will have the biggest impact on the world of finance in 2018?

Here are the results:

## Which of the following do you think will have the biggest impact on the world of finance in 2018?

Higher interest rates : 52% - Votes: 1040



Tax reform : 31% - Votes: 615



The role of artificial intelligence (AI) : 7% - Votes: 132



Robo-investing : 6% - Votes: 116



Traditional financial institutions partnering with financial technology (FinTech) firms :  
5% - Votes: 97



In all, 2,000 readers participated in the survey.

The majority of AAIL readers—55%—feel that higher interest rates will have the biggest impact on the financial world in 2018. The Federal Open Market Committee (FOMC), the policy-making body of the federal reserve that sets short-term interest rates, meets this week. As of the morning of Saturday, March 17, there was a 94.4% likelihood of a 0.25% increase in short-term interest rates, according to the CME's FedWatch tool. There is also a 65.9% chance that the Fed will increase interest rates three times this year, the number the FOMC had penciled in at the end of last year, and a 33.9% chance that there will be at least four rate hikes this year. Higher interest rates impact the cost of borrowing for consumers and companies.

In second place, with 31% of the votes, our readers believe that the Tax Cuts and Jobs Act of 2017, aka tax reform, will have the biggest impact on the world of finance in 2018. The effects of the new tax law are far-reaching, putting more money into the pockets of millions of Americans while lowering the effective tax rates for many U.S. corporations.

Rounding out the top three vote-getters, 7% of readers believe that artificial intelligence will have the biggest impact on the world of finance this year. AI technology is improving at an ever-faster rate and will play more meaningful roles in our lives moving forward, including financial applications. Some of the roles artificial intelligence can play in the financial ecosystem include approving loans, managing assets and assessing risks, and these roles will more than likely grow.

## Weekly Special Question

Recently President Trump signed tariffs on steel and aluminum imports, making good on key campaign promises and stoking the fears for a global trade war. However, the two proclamations that the president signed exempt key trade allies Mexico and Canada. White House officials say the tariffs are an essential matter of domestic and economic security.

Additionally, reports are emerging that the Trump administration is seeking to impose tariffs on up to \$60 billion of Chinese imports and will target the technology and telecommunications sectors.

It remains to be seen how China and other countries that will be subject to these tariffs will react, but there is a strong possibility that imported goods that Americans buy will cost more moving forward, while American companies that sell their goods overseas may have a harder time doing so.

However, we were curious to learn what our readers think about these developments. So last week's AAI special survey question asked:

What do you think the impact will be of President Trump's proposed tariffs?

Overall, we received 371 responses to the question.

Overwhelmingly, 53% of the responses stated that the proposed tariffs will have a negative impact, either through a trade war, higher inflation and/or a recession either here in the U.S. or globally. The biggest single impact (13.4% of responses) of the tariffs our readers cited was a trade war.

More than one-quarter of responses—27.5%—were neutral with nearly 12% of respondents believing there will be no impact from the tariffs or only a limited one.

The other 19.4% of responses indicated that the tariffs will be positive. More than 11% of readers feel that the president is using the tariffs as a negotiating tool, which will yield more positive trade terms that will benefit U.S. consumers and companies.

Here is a sampling of the responses readers offered regarding what they think the impact will be of new tariffs:

- “Bad. Very bad.”

- “[President Trump] is sending a message to those countries and industries who are putting tariffs on our products but don’t want us to put tariffs on them.”
- “They will hurt the economy by increasing prices on goods.”
- “Very little I believe. [President Trump] will back off and not impose it on most allied countries and avoid a trade war. I don’t think China will be hurt badly enough to retaliate.”
- “A stronger negotiation position, but with some risk of unintended consequences.”
- “Decreased worldwide economic growth.”
- “There are industries with vast advantages in lower labor costs that have ruined many U.S. industries (steel and automotive as examples) which are using that to ruin our industries. We need some form of protection at home.

Everybody has an opinion! Why not give us yours? Participate in our weekly member poll, updated every Monday, and see the results online at [www.aaii.com/memberquestion](http://www.aaii.com/memberquestion).