The Liechtenstein financial centre

Thinking in generations

The Liechtenstein financial centre offers its clients comprehensive market access to the EU and Switzerland and guarantees political and economic stability. With its long-standing experience and wide range of services, it combines solutions for the preservation of wealth over generations with fast and innovative regulatory solutions at the cutting edge of technological and other financial developments. Liechtenstein is a constitutional hereditary monarchy based on democratic and parliamentary principles that is closely aligned with the European system of values and law and also enjoys a high reputation for its high political and economic stability.

Market access

Liechtenstein has been a member of the European Economic Area (EEA) since 1995. This means it offers unrestricted market access to 31 states and around 500 million people in Europe. The customs and currency union with Switzerland also secures access to the neighbouring state.

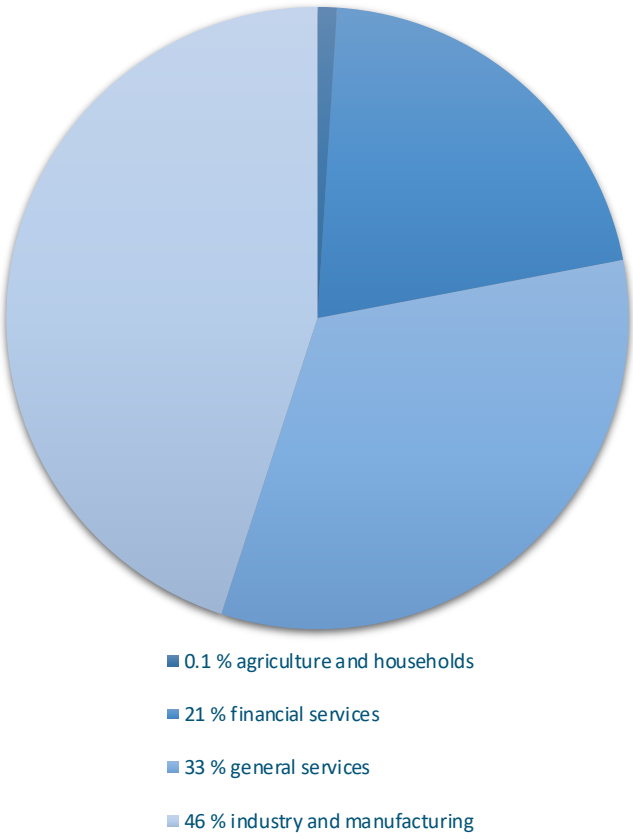
Market operators

12 banks
3 e-money institutions
20 pension schemes and funds
33 insurance companies
98 asset managers
139 fiduciaries
556 single funds and sub-funds
1,353 common-benefit foundations

Share of the economy as a whole

The Liechtenstein financial sector is highly diversified and maintains strong international networks. Contrary to popular belief, however, it is "only" the third largest economic sector in the Liechtenstein economy after industry and general services.

Gross added value by economic sector (Source: Office of Statistics)



FMA – Liechtenstein Financial Market Authority

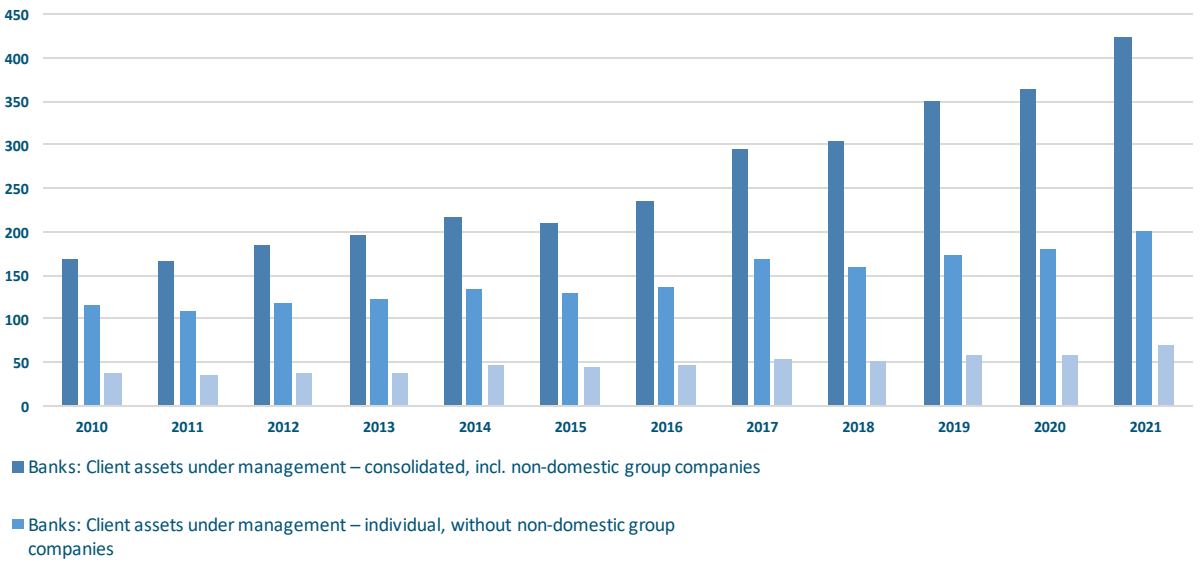
Pursuant to its statutory remit, the Liechtenstein Financial Market Authority (FMA) is responsible for guaranteeing the stability of the Liechtenstein financial market, the protection of clients, the prevention of abuses as well as the implementation of and adherence to recognised international standards.

The Liechtenstein financial centre

Thinking in generations

Assets under management & investment fund assets (in CHF bn)

(source: FMA Annual Report)



Locational benefits of the Liechtenstein financial centre – concise overview

- Unrestricted access to Switzerland thanks to the customs union of 1923 and the adoption of the stable Swiss franc as currency as a result of the monetary union
- Unrestricted access to the European single market thanks to membership of the European Economic Area (EEA) since 1995 and the associated full adoption of EU law
- AAA country rating awarded by Standard & Poor's
- High political and economic stability and security
- Broadly diversified economy with strong industrial sector
- Liberal legal system in line with European and international standards
- Commitment to internationally accepted legal and tax standards
- Attractive operating conditions that promote new technologies and financial solutions
- Short and efficient decision-making channels
- Low-risk business models (no investment banking, no state aid in the 2008 financial crisis) and excellent capitalisation with an average tier 1 ratio of over 21 %
- Responsible pioneer with sustainable asset investments and structures as well as comprehensible products
- Cross-generational outlook and continuity in personal client relationships

The Liechtenstein financial centre

Thinking in generations

Quality, stability and a long-term mindset

The Liechtenstein financial centre is closely aligned with the European system of values and law, offers its clients comprehensive market access to the EU as well as to Switzerland, and guarantees political and economic stability. With its long-standing experience and broad range of services, it stands for first-class, long-term wealth solutions and the preservation of assets over generations.

Sustainability

There is an increasing global focus on sustainability and sustainable investments. Sustainability has always been an important concern for Liechtenstein and its financial centre and, along with stability and quality, is one of the three cornerstones of its strategy for the future.

The establishment of transparency regarding the extent to which investment products fulfil sustainability criteria will become standard in the medium term. As a clear distinguishing criterion, responsible, sustainable action is to be established as a component of the culture in the Liechtenstein financial centre through the government's Financial Centre Strategy of February 2019.

In the case of Liechtenstein banks, for example, the business models focus on the long term and all banks distance themselves from short-term profit-seeking. No bank is or has been active in investment banking. This is demonstrated not just by the wide-ranging commitment exercised by banks through their in-house common-benefit foundations, the membership or involvement of all three big banks in the Swiss and Liechtenstein Climate Foundations, the various energy efficiency measures through to climate neutrality, or exacting corporate governance standards. It is also firmly anchored in the core business of the banks. For example, since 2004 Liechtensteinische Landesbank has provided a model with an ecological and renovation mortgage. Its reporting on sustainability topics moreover applies the standards of the globally recognised Global Reporting Initiative (GRI). As the largest and most international banking group, LGT has been one of the pioneers for years and is involved in sustainability at many levels, including LGT Venture Philanthropy and its subsidiary LGT Lightstone active in the field of impact investing.

Examples of pioneering digital business models

"Blockchain Act"
The Liechtenstein Token and Trusted Technology Service Providers Act (TVTG) came into force at the beginning of 2020. The TVTG entrusts the FMA with the registration and event-driven supervision of service providers that provide services on systems such as blockchain, thus creating legal certainty for many current and future business models.

Regulatory Laboratory
Innovative business models often do not fit into classic regulatory categories. For this reason, the Liechtenstein Financial Market Authority has set up a team of experts for innovative business models in the form of the "Regulatory Laboratory". This gives interested companies direct access to a team of experts for an efficient and expeditious approval process.

Liechtenstein Venture Cooperative
By founding a Liechtenstein Venture Cooperative, a special form of cooperative, innovators bring their idea directly into a dedicated legal form, thus preparing the foundations for facilitated cooperation with other know-how providers and capital lenders. The LVC provides a legal basis for bringing together professional services, contributions in-kind as well as capital contributions from various parties (natural persons and legal entities) that are required to develop an innovation, in the form of an investment.