

PRESS RELEASE

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Strong growth in the Liechtenstein financial center

New markets in the Middle East and Southeast Asia have made it possible: the business activities of Liechtenstein financial intermediaries are becoming increasingly international. Last year was marked by strong growth in the Liechtenstein financial center. At the end of 2007, 2,089 financial intermediaries with registered offices in Liechtenstein, such as banks, investment undertakings, asset management companies, insurances, and pension schemes, were operating in the Principality under the supervision of the FMA. This represents an increase of 191 companies (+10%) over the previous year. Client assets under management grew by 21.3% from CHF 228.9 billion (2006) to CHF 277.72 billion.

Fit and proper into the future

René H. Melliger, Chairman of the FMA Board, looked back on a year of consolidation characterized by strategy development. The assessment of the financial center by the International Monetary Fund (IMF) in March/April 2007 represented a real challenge. Over the course of 10 days, 80 meetings were held. The IMF certified the FMA's effective measures in the fight against money laundering and financial transactions with a terrorist background.

With a view to the future, René H. Melliger presented the FMA Mission 2009. The goal of the FMA Mission 2009 is to ensure a strong supervisory authority that meets the criteria of being "fit and proper". Fit in the sense of qualified; proper in the sense of impeccable. These criteria not only apply to the FMA's prudent and risk-oriented working method, but also the FMA's fields of activity in supervision, regulation, external relations, and enterprise and staff development.

Massive increase in licensing activities

In the third year of operations of the FMA, the focus was on internal reorganization and process optimization. The entry into force of new laws (Pension Funds Act, Market Abuse Act, Takeover Act, Financial Conglomerates Act) expanded the supervisory and decision-making powers of the General Management. At the same time, international cooperation was intensified. Licensing activities – granting, amending, rejecting, withdrawing, and deleting licenses – increased from 275 to 464 cases (+69%) in the Banking and Securities Supervision Division.

Mario Gassner, Acting CEO, explained that the growth and increasing complexity of the financial markets places greater and greater demands on the supervisory authorities. He called for "strong supervision even in turbulent times". Mario Gassner considers success criteria for strong supervision to be independence, proactive and effective action, sufficient resources, effective possibilities of sanction, and an internationally recognized FMA.

Fast and flexible implementation

"Financial transactions always have two sides. They harbor both opportunities and risks," said Christian Reich, Head of Banking and Securities Supervision. For this reason, the establishment of clear "rules of the game" on the financial center and the professional supervision thereof represent an important trust-building measure and an important factor for success. To ensure this level of supervision, the FMA has recently developed a risk assessment system. This system serves to identify, prioritize, and assess the risks of all financial intermediaries. Introduction of risk-based supervision and cooperation with authorities in Liechtenstein and abroad on joint supervision cases have led to a steady optimization of preventive supervision, as Christian Reich stated in his remarks.

Miriam Chiara Klier, Head of Other Financial Service Providers Supervision, commented on current developments in the regulation of the Liechtenstein financial center. Liechtenstein enjoys a good starting position in this regard: "Our small size creates the prerequisites for fast and flexible implementation of regulations."

Facts and Figures

The FMA (Financial Market Authority Liechtenstein) is an establishment under public law. It is independent of the Government and solely accountable to the Liechtenstein Parliament. Within the framework of its legal mandate and powers, the FMA exercises supervision over the financial market, in order to guarantee the protection of creditors, the sound and proper business management of financial institutions, and the stability of the financial center. The FMA has 40 staff members (end of 2007).

2,089 financial intermediaries with registered offices in Liechtenstein operate in the country (end of 2007). With 14.3% of the workforce, the financial services sector generates 30% of gross domestic product (GDP). In the industrial and manufacturing sector, 47% of the workforce generate 40% of GDP.

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