

Press release

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Financial market supervision is becoming more digital

The Financial Market Authority (FMA) Liechtenstein published its 2016 Annual Report today. During the reporting year, 22 interns also gained insight into the activities of the FMA. The FMA dealt especially intensively with new financial technologies.

The Regulatory Laboratory worked on a total of 17 projects relating to new financial technologies. In three cases, the companies are now operational, while another four projects were at an advanced stage. A total of 12 companies in Liechtenstein can be considered FinTech. The business areas include payment and e-money services, crowdfunding and crowdinvesting, blockchain, and virtual currencies. The regulatory questions often turn out to be complex. Experience shows that Liechtenstein is very much in demand as a FinTech location. In 2016, the team of the Regulatory Laboratory held about 50 meetings with interested companies in FinTech. The Regulatory Laboratory competence team is composed of specialists in the various supervisory divisions. It is distinguished by its high degree of accessibility for both start-ups and established financial service providers.

Digitalization of the financial sector concerns the FMA in different ways: Firstly, the companies supervised by the FMA are changing, as are their business models. The FMA is supervising an increasingly digital financial sector and has to get to know and understand the digital financial service providers, their business models, and the associated risks. Secondly, the FMA itself is also embracing digitalization, for instance in the timely processing and evaluation of a rapidly growing data volume in supervision, or the digitalization of internal processes as well as all incoming and outgoing documents. This means financial market supervision is becoming increasingly digital itself.

Growing responsibilities and complexity in supervision

The complexity of supervision and the volume of the FMA's responsibilities have grown steadily in recent years. The reasons include the comprehensive and highly detailed regulations, new financial technologies, and the internationalization of the financial centre. Foreign investors have recently been participating more heavily in Liechtenstein companies. Conversely, Liechtenstein companies are strengthening their presence abroad. New market participants have also established themselves in Liechtenstein. In the field of non-life insurance, international insurance groups have founded or relocated companies in Liechtenstein. These companies operate in a wide range of countries and sometimes in specialized niches. For effective supervision, the FMA has to understand the business models and risks, but it also has to exercise or participate in group supervision. Continuous efficiency and effectiveness gains, the training of personnel, and the securing of personnel resources as well as an IT strategy guided by the FMA's digitalization are key strategic objectives of the Board of Directors in order to master the growing complexity.

Rise in supervision cases due to regulatory and economic environment

During the reporting year, the FMA had to deal with a rising number of supervision cases. This was in part due to the high regulatory pressure and the challenging market conditions. On their search for higher returns, financial intermediaries have become more willing to accept greater risks. The focus of supervision is thus increasingly on the risk management and governance of financial intermediaries. The FMA intervenes where it believes the risks are too high.

Change of leadership on the FMA Board of Directors

In the summer, Dr. Urs Philipp Roth-Cuony announced that he would retire as Chairman of the Board of Directors upon conclusion of his term at the end of 2016. The Government elected then Vice Chairman Prof. Dr. Roland Müller as the new Chairman of the Board of Directors effective the beginning of 2017. Michèle Borgeaud has been in office as the new Vice Chair since the beginning of 2017. As the Chairman of the Board of Directors said at today's media conference, stability, security, and trust are the key values the FMA works for everyday. They are the basis for a strong Liechtenstein financial centre. As the priority areas of the Board of Directors, Roland Müller mentioned credible and effective supervision of the financial centre, mastering the increasing complexity of supervision work, and digitalization.

Getting to know other perspectives: Internships at the FMA

In 2016, 22 students and graduates worked as interns at the FMA. The duration of the internships varied between six and 12 months, with the option of shorter holiday internships. The internship offerings, especially in legal and economic fields, are meeting with great demand. The FMA offers a large variety of responsibilities in an international environment. With these internships, the FMA primarily wants to offer young Liechtensteiners the opportunity to gain valuable professional experience and to grant them insights into the sphere of activity of a supervisory authority.

In accordance with its legislative mandate, the Financial Market Authority (FMA) Liechtenstein ensures the stability of the Liechtenstein financial market, the protection of clients, the prevention of abuses, and the implementation of and compliance with recognized international standards.

As an integrated and independent supervisory authority, the FMA supervises the financial market participants in the Liechtenstein financial centre. The FMA ensures the implementation of international standards and participates in the preparation of financial market laws on behalf of the Government. The FMA is represented in all relevant supervisory organizations at the European and global level.

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