

Press release

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Growing financial market – increased focus on anti-money-laundering

The Liechtenstein financial centre recorded a significant increase in assets under management in 2017. The FMA is introducing risk-based supervision for anti-money-laundering.

The Liechtenstein financial centre was able to profit from the good global economic situation and positive market developments in 2017. The assets under management of Liechtenstein banks, including foreign group companies, increased by 25% year-on-year, reaching CHF 294.3 billion at the end of 2017. Positive market developments, acquisitions by Liechtenstein banks abroad, and net inflows of new money contributed to this. Banks generated income totalling CHF 575 million in 2017 (previous year: CHF 474 million). The fund sector recorded significant growth in fund volume. Net assets under management rose to CHF 53 billion (previous year: CHF 46 billion). The assets under management of asset management companies also increased strongly by 15% to CHF 40.6 billion.

In the insurance sector, the premium income of non-life insurance undertakings was higher than the premium income of life insurance undertakings for the first time. This development is mainly due to the establishment of new non-life insurance undertakings in Liechtenstein. Total premium income of insurance undertakings in 2017 amounted to CHF 5.12 billion (previous year: CHF 3.16 billion).

But financial market players continue to operate in an environment characterised by high regulatory pressure and demanding market conditions. The FMA is also observing a rise in financial market risks, and economic development is also subject to substantial geopolitical risks.

Consistent anti-money-laundering measures and protection of reputation

Especially in a growing market, the FMA expects financial market players to carefully verify the origin of new assets in order to prevent money laundering risks and consequently reputation risks. Breaches of anti-money-laundering provisions can have far-reaching negative consequences for the entire financial market. The FMA rigorously verifies compliance with due diligence obligations.

Tightened rules in the internationally sensitive area of anti-money-laundering entered into force in Liechtenstein at the beginning of September 2017. Under the new legal provisions, the FMA conducts risk-based verification of compliance with due diligence obligations. This means that the resources of the supervisory authority are employed in a targeted manner and in accordance with the specific risk of the person subject to due diligence. The FMA has developed a tailored risk assessment system for this purpose.

In the past, business practices in the fiduciary sector have repeatedly been the subject of critical media reports. For the FMA, the top priority is the protection of clients and of the reputation – and thus the credibility – of the financial centre, also against the backdrop of several cases of fraud in the fiduciary sector. The FMA therefore recognises a need for action in its supervision of the fiduciary sector.

High regulatory demands lead to supervision cases

As of 31 December 2017, the FMA was carrying out 18 administrative proceedings and 10 administrative criminal proceedings. At the end of 2017, preliminary investigations were underway in 25 cases. Over the course of 2017, 62 proceedings and preliminary investigations were completed. The proceedings and preliminary investigations were carried out with respect to own funds, breaches of banking secrecy, solvency requirements, activities without a licence, risk management, shareholder guarantees, breach of due diligence obligations, and other areas. In some instances, the high and in part new regulatory requirements combined with the challenging economic conditions gave rise to supervision cases. Several cases concerned supervisory investigations based on suspected and proven fraudulent acts in companies.

High level of FinTech interest in the Liechtenstein location

The FMA noted a high level of interest on the part of companies from the FinTech sector to become active in Liechtenstein. In 2017, the FMA processed a total of 101 enquiries relating to FinTech. The total number of companies operating in Liechtenstein that can be attributed to FinTech is about two dozen. Three of these have been licensed by the FMA. The remaining companies do not require a licence. Depending on their business model, however, the FMA closely monitors their activities. Established financial service providers are also increasingly investing in new financial technologies. The FMA pursues the approach of making business models possible in the field of new financial technologies in accordance with regulatory requirements and within the guideposts of client protection, trust in the financial market, and financial stability.

Publication of the Annual Report and the Liechtenstein Financial Market brochure

Today, the FMA published its Annual Report and the updated version of the brochure "Financial Market Liechtenstein – Facts and figures on the financial markets supervised by the FMA". Digital versions are available for download on the FMA website.

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 recognised 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 organisations at the European and global level.

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