

# A modern financial center with unique strengths

**Mario Gassner, CEO, Liechtenstein Financial Market Authority**, explains how stability leads to international recognition.



In March, the European Central Bank said it expected rates to remain at record low levels at least through the end of 2019 and announced a series of new cheap loans for banks. Is the worse over or do you expect more challenges for financial services sector?

The environment for financial services is going to remain challenging. Increasing international trade conflicts and the unclear outcome of Brexit are important drivers for global political uncertainty, which has significantly contributed to falling sentiment indicators and thus to the economic slowdown in the past. Moreover, the debt ratio in many countries – in both the private and public sectors – has risen further over the past few years, due to the persistently low interest rate environment. However, the Liechtenstein financial center has developed well in a challenging environment with lower global growth and persistently high regulatory pressure and will hopefully continue to do so throughout the coming years. Liechtenstein's financial sector – with its strong international ties – is in good shape.

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Mario Gassner, CEO, Liechtenstein Financial Market Authority

Would you say that financial centers such as yours compete with each other in Europe? If so, what are the strengths of the Liechtenstein Financial Center?

Of course, there is competition amongst the European financial centers. Liechtenstein is home to a specialized and stable financial center with a strong international network. Its major strengths include an internationally integrated and recognized supervision, direct market access to two attractive economic areas and an EU-compatible financial market regulation. Liechtenstein has been a member of the European Economic Area (EEA) since 1995 and thus enjoys complete freedom of services throughout all countries of the European Union and the EEA as well as privileged access to the Swiss economic area.

What is your assessment on the performance of the Liechtenstein Financial Market Authority in 2018?

In accordance with its legislative mandate, the FMA supervises the financial market participants and ensures the implementation of inter-

national standards. In 2018, the priorities of our supervision included combating money laundering, cyber risks and operational IT risks as well as FinTech. Regarding regulation, the high intensity of regulatory activity has continued. The number of laws and ordinances under the supervision and enforcement of the FMA and the complexity of financial market regulation have risen dramatically over the past years. In 2018, main regulatory projects included the revision of the Pension Funds Act and the creation of an institutional framework for macroprudential policy and supervision.

Over the past 4 to 5 years we have seen an increase of inquiries concerning FinTech. That was one reason why we have implemented the so-called regulatory laboratory, RegLab, for which we created a separate unit with dedicated resources. The RegLab is the first contact point which assesses licencing requirements of business models created by new financial technologies. Generally, we are an approachable public authority and we have short decision-making channels in all matters.



Liechtenstein has a balance sheet of banks of **CHF 80 billion** and a GDP of **CHF 6.5 billion**



Liechtenstein banks manage client assets of **CHF 305,2 billion**.



FMA's RegLab dealt with **255 enquiries** in 2018, marking an increase of **153%** compared to the same stat in 2017

Is there anything you would like to portray about the large global leadership or maybe something else that I missed that is dear to your heart?

One important issue for us and all European countries is combating money laundering. The stricter rules in the fight against money laundering, the introduction of consistently risk-based due diligence supervision within the framework of the 4th EU Anti-Money Laundering Directive, and the international focus placed on anti-money laundering are only the first steps. Effectively combating money laundering and terrorist financing is of fundamental importance for the credibility and reputation of financial centers. Money laundering incidents attract a great deal of media attention – both nationally and internationally – and are accompanied by a loss of trust that is difficult to repair among customers and business partners and in international relations.