



AUSSCHUSS
FÜR FINANZMARKTSTABILITÄT

5 July 2019: Recommendation on the application of the countercyclical capital buffer (AFMS/2019/1)

In line with article 33b para 2 lit. d FMA Act, the Financial Stability Council has recommended to the government in its first meeting on 5 July 2019 to set the countercyclical capital buffer (CCyB) at a rate of 0% of risk-weighted assets, as there is no sign of excessive credit growth in Liechtenstein.

The main indicator that underlies this decision is the credit gap, i.e. the deviation of the indebtedness of the private sector relative to GDP from its long-run trend. As the credit gap is currently negative, the CCyB is set at 0% in accordance with the guidance of the Basel Committee on Banking Supervision (BCBS). The FSC has also considered alternative indicators regarding the development of cyclical risks following the recommendation of the European Systemic Risk Board (ESRB).

The FSC continuously monitors the development of cyclical risks in the financial sector and will adapt the recommendation regarding the level of the CCyB if deemed necessary.