

## Press release

<b>Date</b>	16 April 2020
<b>Place</b>	Vaduz

### Financial sector in good shape for the expected recession

- **Successful fiscal year 2019 for the financial sector.**
- **The financial sector is stable and resilient for the expected recession. It plays an important role as a provider of financing in overcoming the crisis.**
- **From July 2020, the FMA will exercise increased supervision over the fiduciary sector.**
- **The reorganisation and strengthening of anti-money laundering supervision has proven to be successful.**

The Liechtenstein financial centre recorded another successful fiscal year in 2019 and remained on its growth path despite a challenging global environment. Assets under management at Liechtenstein banks, including foreign group companies, rose by 14.6% to CHF 349.8 billion. Earnings before tax for the banking sector increased by nearly 20% over the previous year to CHF 639.5 million. Assets under management at asset management companies rose by 11.4% to CHF 43.1 billion. In the fund sector, the fund volume grew by 17% to CHF 58.8 billion. Total premium income of insurance undertakings amounted to CHF 5.55 billion at the end of 2019, a slight increase over the previous year.

The current year, however, will present the financial centre with major challenges against the backdrop of the emerging massive global economic crisis. One of the aims is for the financial sector to be available to the real economy as a provider of financing in order to help to overcome the crisis. At the same time, the goal is to prevent the crisis in the real economy from spreading to the financial sector. Ensuring financial market stability is enshrined in the legal mandate of the FMA and is a top priority for the FMA.

The FMA considers the financial market players to be in good shape both operationally and financially. Although the anticipated global crisis will have a massive impact on the real economy in Liechtenstein, the condition of the Liechtenstein financial sector is stable. The structural features of the Liechtenstein banking and financial sector, such as its high capitalisation and very solid liquidity base, are especially important in times of crisis in order to guarantee stability. In a stress situation, they serve as an absorption buffer with a very positive effect on resilience and stability.

### Facilitations and special obligations due to the coronavirus pandemic

The measures to contain the coronavirus pandemic are posing major operational challenges for financial intermediaries. The FMA notes, however, that operations are ensured in all sectors and that the financial market players have acted very well and quickly. In coordination with the European supervisory authorities, the FMA has instituted several temporary facilitations to relieve the operational burden on financial intermediaries, such as in regard to on-site inspections and certain reporting obligations. Conversely, the FMA has introduced additional reporting obligations for ongoing assessment of the risk and financial situation. This ensures that the FMA can react quickly and in a targeted manner in the event of negative second-round effects, which often occur with a time delay in recessions.



The FMA is maintaining full operations at all times. The sudden transition to remote operations was made possible thanks to the consistent implementation of the FMA's digital strategy over the past few years. Digital internal and supervisory processes and work from home ensure smooth operations.

### **Strengthening anti-money laundering**

In April 2019, the FMA concentrated its anti-money laundering supervision – which previously had been allocated to the individual supervisory divisions – within a single organisational unit and strengthened it in terms of personnel. This new unit has proven to be highly effective and efficient in several supervision cases. Anti-money laundering supervision is consistently risk-based. The higher the classification of a financial intermediary in terms of potential vulnerabilities and threats, the more intensive is the supervision. Effective anti-money laundering measures are of great importance for the reputation and credibility of the financial centre. The 5th EU Anti-Money Laundering Directive has further tightened the rules in this regard.

### **Strengthened supervision of the fiduciary sector**

The revised Professional Trustees Act will enter into force at the beginning of July 2020. The new legislation provides for increased supervision of the fiduciary sector by the FMA. The responsibilities of the FMA in regard to licensing and ongoing supervision are being expanded and intensified. The revised law also contains expanded sanctions provisions. The stronger supervision of the fiduciary sector aims to ensure its quality, increase confidence in the sector, counter abuses through prevention, and promote international recognition.

### **Rigorous enforcement of supervisory law**

The FMA rigorously pursues violations of supervisory law. As of the end of 2019, the FMA was conducting 22 administrative proceedings and 22 administrative criminal proceedings. Preliminary investigations were underway in 21 cases. 157 proceedings and preliminary investigations were concluded in 2019. Various proceedings and preliminary investigations were conducted against financial intermediaries due to violations of the due diligence obligations to combat money laundering.

### **Publication of the Annual Report and the Liechtenstein Financial Centre brochure**

Today, the FMA published its Annual Report and the updated version of its Liechtenstein Financial Centre brochure. They are available in digital format on the FMA website.

The Financial Market Authority (FMA) Liechtenstein is the independent financial market supervisory authority of Liechtenstein. 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.

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