

## PRESS RELEASE

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### **The Liechtenstein Financial Center is growing and is providing security**

**Vaduz, 31 May 2010 - The Liechtenstein financial center grew again in 2009. The clients' assets under management rose by 17% to CHF 261.6 billion compared to the previous year. The financial market participants profit from a positive market development. In the global financial and economic crisis, the Liechtenstein financial center distinguishes itself by providing continuous stability and security and, hence, remains an attractive financial center for international clientele.**

The banks recorded an increase of assets under administration by 10% to CHF 172.5 billion. This increase is primarily related to the positive market development. As in 2008, the outflow of assets was higher than the actual inflow of new assets, mainly as a result of the taxation debate. The net drain of assets amounted to CHF 7 billion in 2009. The funds and insurance sectors reported high growth rates. The clients' assets in funds increased by 41% to CHF 37.3 billion; in insurances by 38% to CHF 25.9 billion. The insurers recorded a rise of premium income of 51% to CHF 9 billion. Considering all sectors, the clients' assets under management, compared to the previous year, increased by 17% to CHF 261.6 billion.

Concerning the development of the financial center in the current year, Mario Gassner, Chief Executive Officer of the Liechtenstein Financial Market Authority, showed cautious optimism. «*Secure financial centers are attractive financial centers*», Gassner highlighted and thereby referred to the stability of the financial center, to the very high equity-capital ratio of the financial institutions in international comparison, to the strong currency, to the legal security and the political stability. Nevertheless, Mario Gassner continues to consider the risks of the global economic and financial systems as high, particularly due to the high indebtedness of foreign countries. The domestic financial center, however, had been characterized especially during the crisis by its strong resistance, he states.

### **Tightened international standards in regulation and supervision**

The financial crisis initiated a global debate on future regulation and supervision of the financial markets. Financial centers whose business model is primarily based on off-shore activities remain under great international pressure. In the area of supervision, the compliance with international standards is globally promoted. Thereby, the main focus is on international cooperation and the exchange of information by the Authorities. Michael Lauber as Chairman of the Board referred to the importance of having a strong presence in supervisory-related international committees and actively participating in discussions: «*Being part of a network*

*means co-operating and co-designing.»* Accordingly, the FMA's international networking activities shall be promoted. As upcoming priority goals, Michael Lauber cited the FMA membership in the Committee of European Securities Regulators (CESR) and in the International Organization of Securities Commissions (IOSCO). The FMA particularly pursues the constitution of the new European Financial Market System. The FMA reckons that the competencies of the new supervision authorities will have a strong influence on Liechtenstein.

### **Main focus in the supervision activity**

The FMA strengthens the risk-focused supervision approach. Institutions with comparatively high risk levels shall be supervised more intensively than others showing lower risk levels. Alike its related authorities, the FMA focused on systemic risks. The Liechtenstein banking sector is highly concentrated with its three large institutions and, compared to the country's GDP, the number of their total assets is a multiple higher. Having relatively low-risk business models and solid equity bases, the institutions are well-positioned in international comparison. The FMA particularly focuses on risks that arise from new business models within the process of change.

### **Publication of the FMA Annual Report 2009**

The FMA has published its Annual Report 2009 today. It is available on [www.fma-li.li](http://www.fma-li.li).

<p>The Liechtenstein Financial Market Authority (FMA) is an independent establishment, organized to private sector principles. In fulfilling its sovereign mandate, the FMA safeguards the stability of the Liechtenstein financial market, the protection of clients, the prevention of abuse, and the implementation of and compliance with recognized international standards</p>
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