



FMA

Financial Market Authority
Liechtenstein

LIECHTENSTEIN FINANCIAL CENTRE

2022 edition

4	Liechtenstein financial centre
5	Spotlights
6	Development of the financial centre
7	National economic significance
8	Banking sector
11	Fund sector
13	Asset management companies
14	Insurance undertakings
17	Pension schemes and pension funds
18	Fiduciary sector
19	TT service providers
20	Annex

LIECHTENSTEIN FINANCIAL CENTRE

The Principality of Liechtenstein has a safe financial centre with an extensive network of international relationships. Its core competencies lie in a broad range of services for long-term solutions to preserve wealth across generations. Alongside its services for predominantly international clients, the market participants also serve the domestic economy and population. Financial services are the country's second largest economic sector after industry and manufacturing. The financial centre is highly diversified with its banking sector, insurance industry, fund sector, and fiduciary industry. Liechtenstein promotes innovation in the financial services sector with entrepreneur-friendly conditions.

Direct market access to attractive economic areas

Liechtenstein is a member of the European Economic Area (EEA). Financial service providers have full freedom to provide services to all countries of the European Union, Norway, and Iceland. Thanks to Liechtenstein's traditionally close neighbourly economic relations and its Customs Treaty with Switzerland, financial service providers also benefit from privileged access to Switzerland. The Currency Treaty with Switzerland defines Liechtenstein as part of the Swiss franc monetary area, which means that the banks enjoy the same access to refinancing at the Swiss National Bank as Swiss institutions.

Compliance with international regulatory standards

Due to its EEA membership, the same legal requirements apply in Liechtenstein as in the countries of the European Union. The strict standards offer the clients of the financial centre a high degree of security. The internationally recognised Financial Market Authority (FMA), which is integrated into the European System of Financial Supervision, combats abuses and safeguards client protection and financial stability. Liechtenstein meets the highest standards and has an effective defensive mechanism at its disposal to combat money laundering and terrorist financing. In tax matters, Liechtenstein implements the global standards of transparency and information exchange developed by the OECD.

In the heart of Europe and the Swiss franc monetary area, Liechtenstein offers a stable legal and social order with a very high quality of life. The sound fiscal policy of the public budgets, short administrative channels, as well as a transparent and predictable tax and legal framework contribute to the attractiveness of Liechtenstein as a business location. Liechtenstein's AAA rating by Standard & Poor's underscores this reliability.

ONE-STOP SHOP

12 banks, 3 electronic money institutions,
1 payment institution, 33 insurance undertakings,
556 funds and 16 management companies,
98 asset management companies,
139 professional trustees and 229 trust
companies, 17 pension schemes, 3 pension funds,
18 TT service providers



HIGH CAPITALISATION OF BANKS

The capitalisation of Liechtenstein banks is significantly above the EU average. The capital adequacy requirements for banks have increased substantially to ensure financial stability in the wake of the global financial crisis.

CET1 capital ratio: 21.74 %

(Common Equity Tier 1 capital)

THE FINANCIAL CENTRE IS GROWING

Assets under management of banks

CHF 350 billion
2019

CHF 365 billion
2020

CHF 424 billion
2021

Development of fund volume

CHF 59 billion
2019

CHF 59 billion
2020

CHF 70 billion
2021

Assets under management of asset management companies

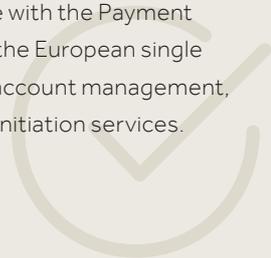
CHF 53 billion
2020

CHF 59 billion
2021

In 2021, the FMA issued its

first licence to a payment institution.

Payment institutions are licensed to provide payment services in accordance with the Payment Services Act (ZDG) and ancillary activities on a commercial basis throughout the European single market. These activities include deposit and withdrawal transactions, payment account management, financial transfer transactions, account information services, and payment initiation services.



DEVELOPMENT OF THE FINANCIAL CENTRE

The Liechtenstein financial centre is in very good shape and on a growth path. The financial sector continued to function reliably in the second year of the Covid-19 pandemic, supporting the real economy. The Liechtenstein economy as a whole has demonstrated high resilience during the global recession.

The assets under management of the 12 Liechtenstein banks, which specialise primarily in private banking and international wealth management, increased by 16.1% from CHF 365.4 billion to CHF 424.4 billion at the consolidated level as of the end of 2021 (Liechtenstein banks incl. foreign group companies). The banks benefited from the positive market development, but also from strong net new money in the amount of CHF 37.5 billion. Even though banks continued along their growth path, capitalisation remained stable compared to the previous year, with common equity tier 1 (CET1) at the consolidated level amounting to 21.74% at the end of 2021. Earnings before tax for the banking sector amounted to CHF 671.7 million, an increase of 23.6% over the previous year (CHF 543.4 million).

The fund sector grew strongly in 2021. The fund volume increased by 19%, reaching CHF 70.3 billion at the end of the year, compared to CHF 59.1 billion in the previous year. At the end of 2021, 812 Liechtenstein single funds and subfunds were licensed, 49 more than in the previous year. With direct European market access and the international compatibility of its products, the Liechtenstein fund centre offers attractive conditions for fund providers and investors.

Assets under management at the 98 asset management companies increased from CHF 53.0 billion to 59.5 billion in 2021, corresponding to growth of 12.3%. In addition to the positive market development, this was due to the higher number of client relationships. The asset management companies maintained 10,291 client relationships at the end of 2021 (+7%).

At the 33 insurance undertakings, premium income remained stable in 2021 at CHF 5.61 billion. Of this amount, non-life insurance accounted for CHF 3.63 billion (65%), life insurance for CHF 1.90 billion (34%), and reinsurance for CHF 0.07 billion (1%). Non-life insurance recorded premium income growth of 14.2%, while the premium income of life insurance fell by 16.7%.

At the end of 2021, 17 occupational pension schemes in Liechtenstein were under the supervision of the FMA. The provisional average funding ratio was 117% as of the end of 2021. Total assets amounted to CHF 7.87 billion as of the end of 2020.

At the end of 2021, 18 undertakings for 39 services were registered under the Token and TT Service Provider Act (TVTSG). The law defines the legal requirements for providing services on TT systems. TT systems are transaction systems based on trustworthy technologies (such as blockchains), making a wide range of economic services possible.

NATIONAL ECONOMIC SIGNIFICANCE

The Liechtenstein financial sector is strongly diversified with extensive international relationships. After industry and manufacturing, it is the second largest sector of the Liechtenstein national economy and thus of exceptional importance. 10% of all persons employed in Liechtenstein work in financial and insurance services, and another 7.2% in legal and tax advice or auditing. In total, 7,346 people worked in the financial sector at the end of 2020, which corresponds to about 17.2% of all employees.

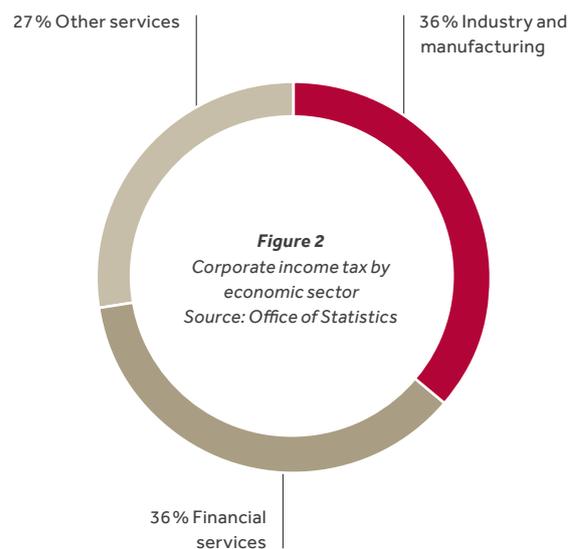
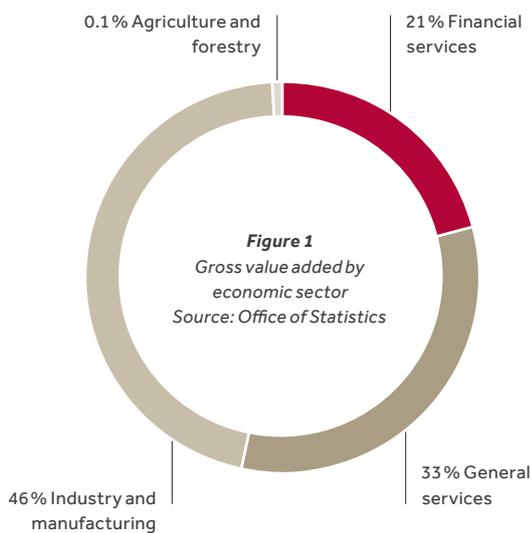
Gross value added by economic sector

In 2019, the Liechtenstein financial sector (provision of financial and insurance services, legal and tax advice, and auditing) generated gross value added of CHF 1.287 billion. This means that nearly 21% of value

added in Liechtenstein is generated in the financial sector. The industrial sector generates CHF 2.825 billion per year, making the largest contribution to GDP among all sectors at nearly 46%.

Corporate income tax by economic sector

The financial sector is also very important for the fiscal revenue of Liechtenstein. Through taxation of corporate income directly linked to the economic activities of financial institutions, the State and the municipalities generated estimated tax revenue of CHF 77 million in the 2019 tax year, 36% of all corporate income tax and the same amount as industry and manufacturing.



BANKING SECTOR

Liechtenstein banks focus their activities primarily on private banking and international wealth management. Thanks to Liechtenstein's membership in the European Economic Area (EEA), banks enjoy full freedom to provide services throughout the European single market. Some banks are also active outside Europe, especially in Asia.

Assets under management at the 12 banks (Liechtenstein banks incl. foreign group companies) amounted to CHF 424.4 billion at the end of 2021. Of that amount, CHF 200.6 billion or 47.3% is attributable to the banks in Liechtenstein. The net new money of Liechtenstein banks including foreign group companies (including acquisitions) amounted to approximately CHF 37.5 billion in 2021 (CHF 13.0 billion of which in Liechtenstein).

FINANCIAL STABILITY REPORT

In November 2021, the FMA published the fourth edition of its [Financial Stability Report on the stability of the financial sector](#). The report is one of the FMA's contributions to safeguarding financial stability.

The balance sheet total of the Liechtenstein banks, including foreign group companies, amounted to CHF 100.7 billion at the end of 2021 (CHF 77.3 billion of which in Liechtenstein). The number of employees was 2,973 (full-time equivalents).

The CET1 capital ratio at the individual bank level was 20.5% at the end of 2021. The leverage ratio was 6.9% at the individual bank level and 8.2% on a consolidated basis. Capitalisation is thus significantly higher than the EU average. The liquidity coverage ratio (LCR) at the end of 2021 was 169.4% at the individual bank level and 165.8% on a consolidated basis. The structural liquidity ratio (net stable funding ratio, NSFR) at the same reporting date was 188.7% on a consolidated basis and 174.3% on an individual basis. Liquidity levels thus remained stable at a relatively high level from both a short- and longer-term perspective.

Three electronic money institutions were licensed in Liechtenstein as of the end of 2021. Electronic money institutions issue electronically stored monetary assets with which payment transactions can be executed. Prepaid cards are an example. In 2021, the FMA granted a license to the first payment institution in Liechtenstein. Payment institutions are licensed to provide payment services in accordance with the Payment Services Act (ZDG) and ancillary activities on a commercial basis throughout the European single market. These activities include deposit and withdrawal transactions, payment account management, financial transfer transactions, account information services, and payment initiation services.

■ Consolidated view: Liechtenstein banks incl. foreign group companies
 ■ Individual view: Liechtenstein banks without foreign group companies

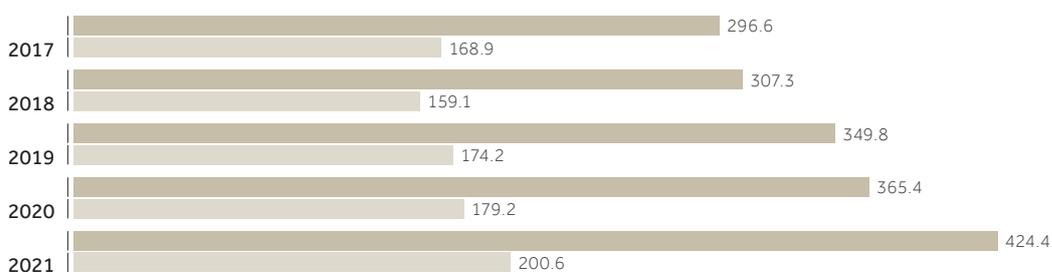


Figure 3
 Assets under management (in CHF billion)

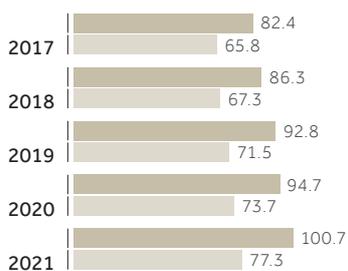


Figure 4
 Balance sheet total (in CHF billion)

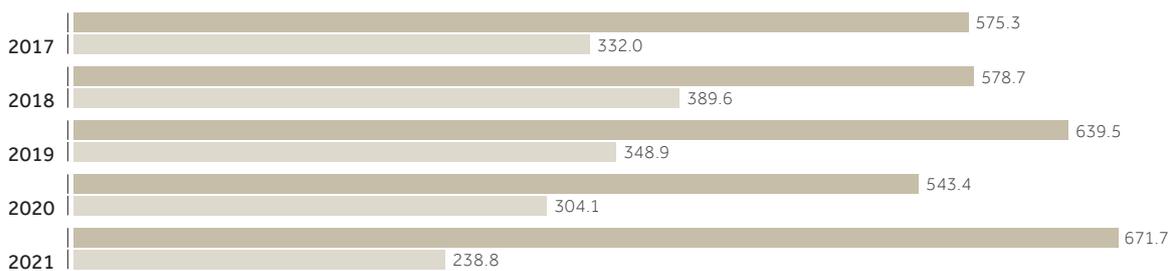


Figure 5
 Earnings before tax (EBT) of the Liechtenstein banks (in CHF million)

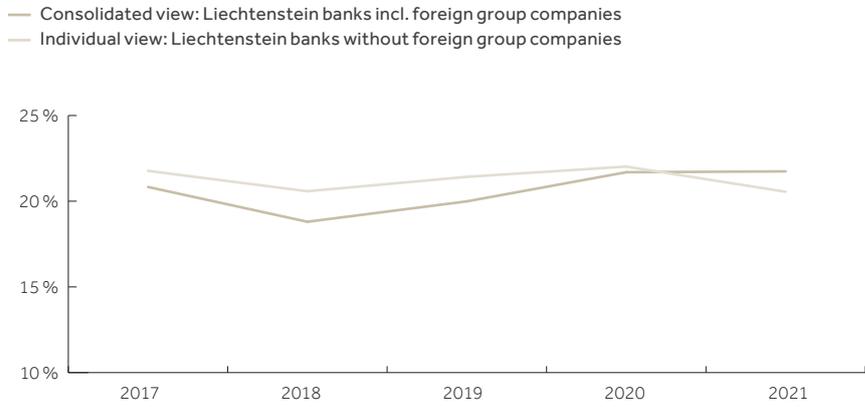


Figure 6
CET1 ratio of Liechtenstein banks (in % of risk-weighted assets)

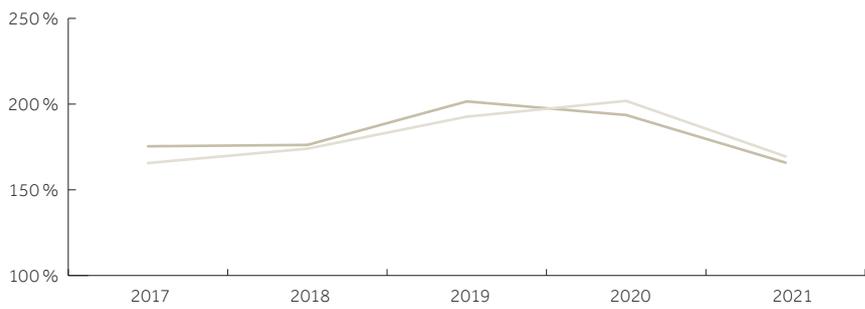


Figure 7
Liquidity coverage ratio of Liechtenstein banks (in %)

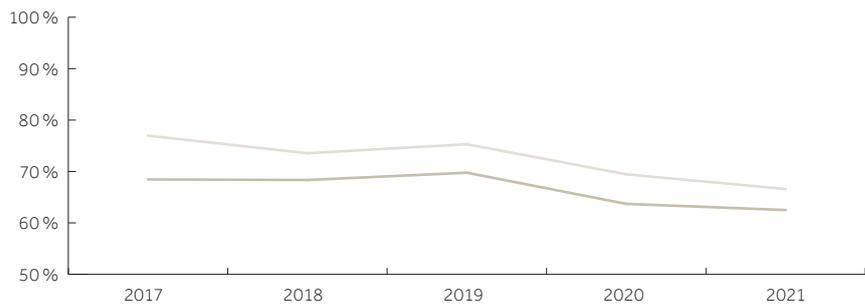


Figure 8
Loan-to-deposit ratio of Liechtenstein banks (in %)

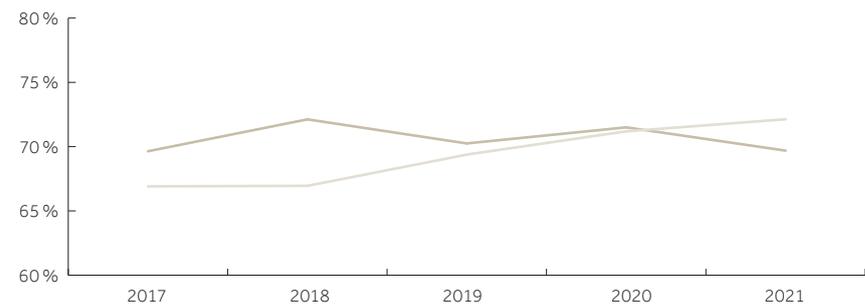


Figure 9
Cost-income ratio of Liechtenstein banks (in %)

FUND SECTOR

Thanks to direct access to the European market and international compatibility of its products, the Liechtenstein fund centre offers attractive conditions for fund providers and investors.

At the end of 2021, 556 Liechtenstein funds were licensed. A fund may consist of one or more subfunds. Net assets under management amounted to CHF 70.3 billion at the end of 2021.

FACTS AND FIGURES

The FMA publishes facts and figures on the [Liechtenstein fund centre](#) every half-year.

The funds were managed by a total of 16 management companies or alternative investment fund managers (AIFMs) and one self-managing investment company. Other licence holders under fund law were one risk manager under the AIFM Act (AIFMG) and one selling agent under the AIFMG.

The number of foreign funds authorised for distribution in Liechtenstein was 574, and the number of subfunds authorised for distribution was 1,982.

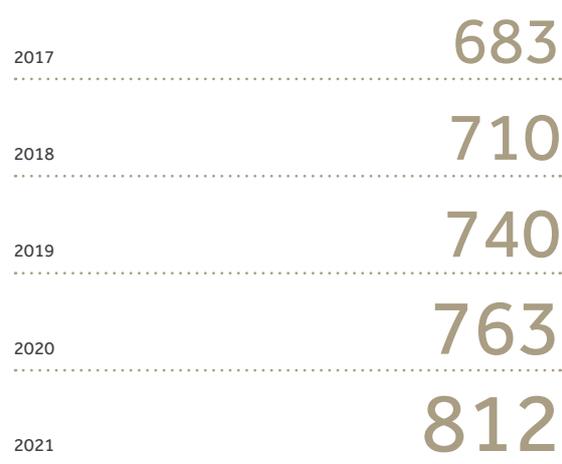


Figure 10
Development of number of single funds and subfunds

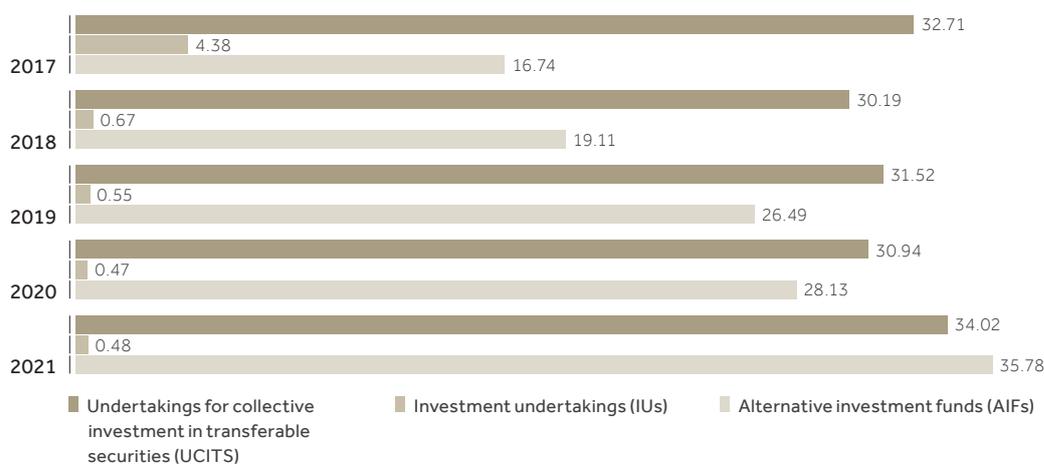


Figure 11
Development of fund volume (in CHF billion)

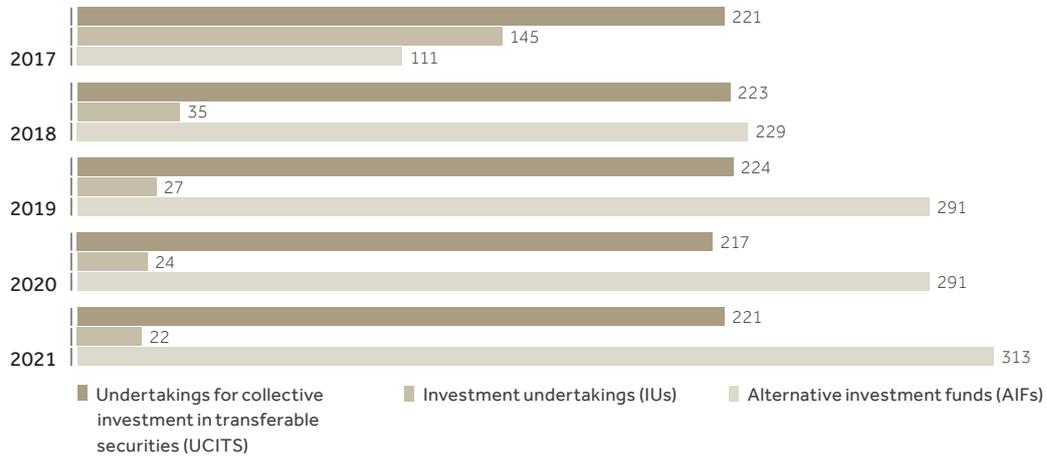


Figure 12
Development of number of funds by category

ASSET MANAGEMENT COMPANIES

The core business of the asset management companies includes portfolio management, investment advisory services, and the execution of orders on behalf of clients. Asset management companies may neither accept nor hold assets of third parties.

At the end of 2021, 98 asset management companies held licences in Liechtenstein. They had 10,291 client relationships at the end of 2021, of which 8,837 included an asset management mandate. 82% were private clients, 14% professional clients, and 4% funds (investment undertakings, UCITS, AIFs).

FACTS AND FIGURES

The FMA publishes facts and figures on [asset management in Liechtenstein](#) every half-year.

Total assets under management were CHF 59.5 billion. Asset management mandates accounted for CHF 51.1 billion of that amount, and other services such as investment advice accounted for CHF 8.4 billion. CHF 27.9 billion was invested at Liechtenstein banks as of the end of 2021. The asset management companies employed a total of 648 people.

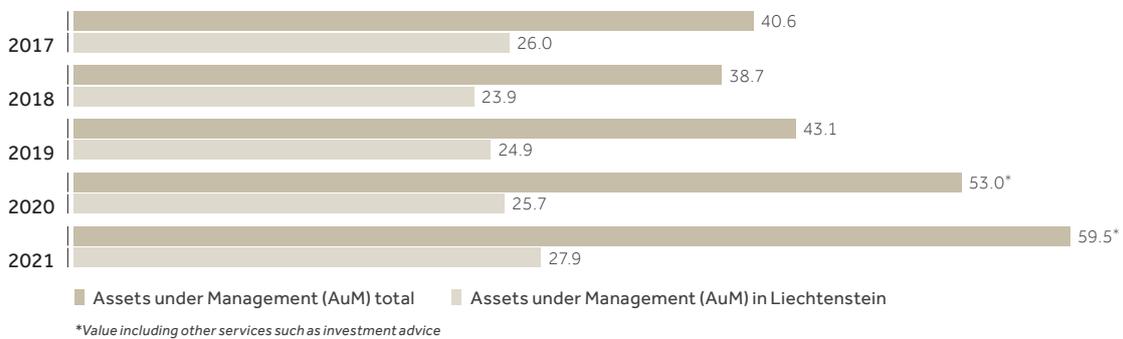


Figure 13
Development of assets under management of asset management companies (in CHF billion)



Figure 14
Development of number of client relationships

INSURANCE UNDERTAKINGS

At the end of 2021, 16 life, 14 non-life, and 3 reinsurance undertakings were operating in Liechtenstein. Liechtenstein offers insurance undertakings direct market access to the countries of the European Economic Area and to Switzerland.

The life insurance undertakings mainly offer fund-linked/unit-linked life insurance. The importance of non-life insurance undertakings has increased considerably in recent years. In terms of gross premiums written, they now dominate the Liechtenstein insurance market. The reinsurance companies are exclu-

sively self-insurers, i.e. captives. These are company-owned insurance undertakings that serve the parent company or other group companies to cover group-internal insurance risks.

According to provisional reporting, the premium income of the insurance undertakings amounted to CHF 5.61 billion in the 2021 fiscal year. Of that amount, non-life insurance accounted for CHF 3.63 billion (65%), life insurance for CHF 1.90 billion (34%), and reinsurance for CHF 0.07 billion (1%).

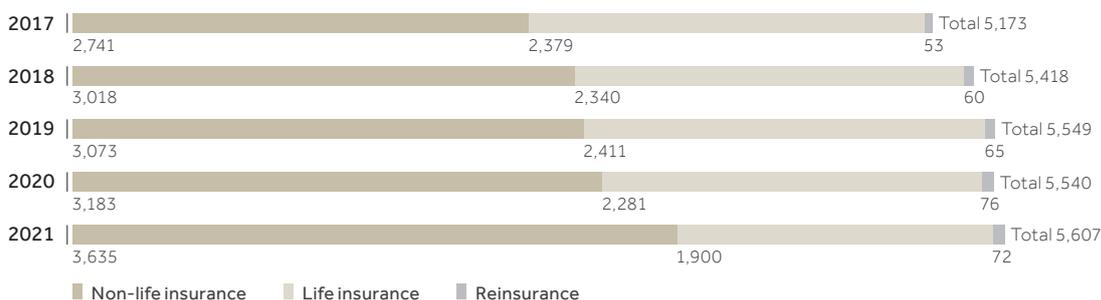


Figure 15
Development of gross premiums written
of insurance undertakings (in CHF million)

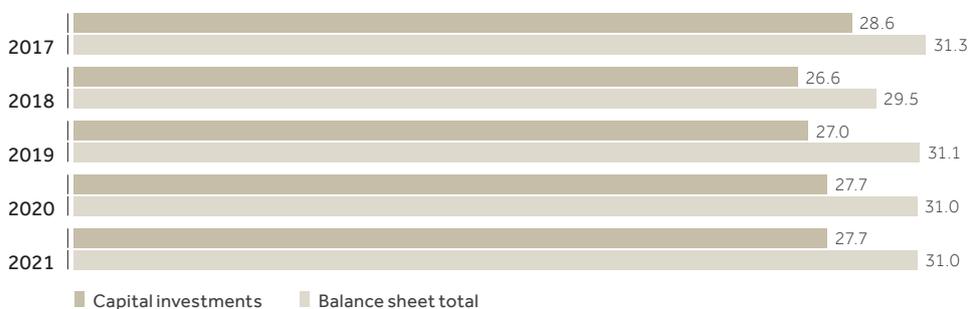


Figure 16
Development of balance sheet total and capital investments
of insurance undertakings (in CHF billion)

United States	862	Netherlands	361
Switzerland	818	Italy	349
Germany	762	United Kingdom	193
Ireland	744	Cyprus	182
Hong Kong	377	other countries	958

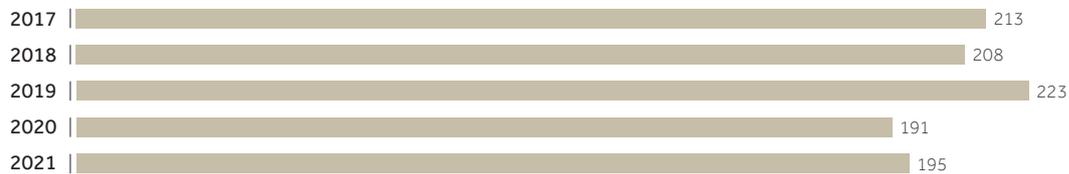
Figure 17
Gross premiums written in 2020 by country
(in CHF million)

According to provisional reporting, the balance sheet total of the insurance undertakings was about CHF 31 billion at the end of 2021, and the capital managed as part of fund-linked/unit-linked life insurance for the account and risk of policyholders amounted to approximately CHF 22.3 billion.

Under the Solvency II requirements, insurance undertakings in Liechtenstein must hold solvency capital totalling CHF 1.92 billion. The weighted solvency ratio of the insurance undertakings amounted to 195.3% at the end of 2021, i.e. the insurance undertakings hold a total of nearly twice as much eligible solvency capital as required by law.

The insurance undertakings had 1,038 employees at the end of 2021 (full-time equivalents).

18 insurance undertakings from foreign countries maintained a dependent branch in Liechtenstein at the end of 2021. All 18 branches had their head office in Switzerland. In addition, 337 insurance undertakings from various EEA countries and Switzerland were notified to the FMA for cross-border provision of services in Liechtenstein via their home country supervisory authority as of the end of 2021.

**Figure 18**

Solvency ratio of Liechtenstein insurance undertakings (in %)

At the end of 2020, 11 insurance undertakings offered compulsory buildings insurance. The fire insurance sum at the end of 2020 was CHF 20.6 billion for buildings, CHF 2.1 billion for household effects, and CHF 4.7 billion for other movable objects. In 2020, the premium income amounted to CHF 9.2 million for fire insurance and CHF 10.9 million for natural hazards insurance. In total, premium income in compulsory buildings insurance was CHF 20.1 million in 2020. This stands in relation to claims payments amounting to CHF 6.2 million.

FACTS AND FIGURES

Each autumn, the FMA publishes its brochure entitled "[Fire and Natural Hazards Insurance in Liechtenstein](#)" with facts and figures on the insurance of buildings and household effects against fire and natural hazards.

PENSION SCHEMES AND PENSION FUNDS

Pension schemes

As of the end of 2021, occupational pension provision is administered by 6 collective foundations and 11 company pension schemes. These are autonomous legal entities in the form of foundations that are subject to the Occupational Pensions Act (BPVG). Alongside Old Age, Disability, and Survivors' Insurance administered by the State (AHV/IV) and private pension provision on a supplementary basis, occupational pension provision serves as the second pillar of pension provision in Liechtenstein.

FACTS AND FIGURES

Each autumn, the FMA publishes its brochure entitled "Occupational Pension Provision in Liechtenstein" with facts, figures, and expert contributions on the second pillar of pension provision.

At the end of 2020, pension schemes insured 43,894 persons, of which 38,162 were active insured persons and 5,732 were pensioners. Total assets amounted to

CHF 7.87 billion at the end of 2020. The average funding ratio was 114.1% at the end of 2020. According to provisional reporting, the average funding ratio has increased to about 117% as of the end of 2021. The benefits paid out under the pension schemes' rules in 2020 amounted to CHF 226.2 million. Total contributions made to the pension schemes in the same year amounted to CHF 444.0 million. The average pension conversion rate of the pension schemes was 5.8% in 2020. At the end of 2021, pension schemes had 55 employees (full-time equivalents).

Pension funds

Pension funds are institutions for occupational retirement provision. Pension funds domiciled in Liechtenstein can carry out cross-border activities in all the countries of the European Economic Area (EEA) thanks to Liechtenstein's membership in the EEA.

The Pension Funds Act also allows pension funds to conduct business in countries outside the EEA. As of the end of 2021, three pension funds were licensed in Liechtenstein. At the end of 2021, the total capital investments of pension funds amounted to CHF 615.4 million, while the consolidated balance sheet total reached CHF 797.0 million. At the end of 2021, the pension funds had 6.7 employees (full-time equivalents).



Figure 19
 Benefits paid out under pension schemes' rules
 (in CHF million)

FIDUCIARY SECTOR

The Liechtenstein fiduciary sector plays an important role in offering asset solutions. Liechtenstein professional trustees serve as advisors to their clients in various areas of asset preservation and structuring and also as persons of trust.

The activities of professional trustees include in particular the formation of legal persons, companies, and trusts, the assumption of board mandates under Arti-

cle 180a of the Law on Persons and Companies (PGR), the assumption of trust mandates, accounting and reviews, as well as financial, economic, and tax advice.

As of the end of 2021, 139 professional trustees and 229 trust companies in Liechtenstein were licensed in those capacities. 208 persons held a licence under the 180a Act.

	2017	2018	2019	2020	2021
Professional trustees	146	152	151	147	139
Trust companies	250	243	245	245	229

Figure 20

Professional trustees and trust companies

TT SERVICE PROVIDERS

At the end of 2021, 18 undertakings for 39 services were registered under the Token and TT Service Provider Act (TVTG). The TVTG entered into force at the beginning of 2020. The TVTG defines the legal requirements for offering services on TT systems. TT systems are transaction systems based on trustworthy technologies, making a wide range of economic services possible. Blockchains are the best-known example. The FMA is responsible for registration of TT service providers and ad hoc supervision.

10 ROLES FOR TT SERVICE PROVIDERS

The TVTG defines 10 different roles for which natural or legal persons providing TT services must register:

- Token issuers: Persons who, on a professional basis, offer tokens to the public on behalf of third parties, such as trading venues that conduct ICOs for their clients.
 - Token generators: Persons who generate tokens on behalf of third parties.
 - TT key depositaries and TT token depositaries: Persons who safeguard tokens or private keys for third parties, e.g. in a safe or a collective wallet. This also includes performing transactions for third parties.
 - TT protectors: Persons who hold tokens on TT systems in their own name for the account of third parties.
 - Physical validators: Persons who ensure the contractual enforcement of rights to property represented in tokens.
 - TT exchange service providers: Persons who exchange legal tender for tokens and vice versa, as well as tokens for tokens. This typically includes ATMs at which cryptocurrencies can be exchanged.
 - TT verifying authorities: Persons who verify the legal capacity and other requirements for disposal over a token.
 - TT price service providers: Persons who provide TT system users with aggregated price information on the basis of purchase and sale offers or completed transactions.
 - TT identity service providers: Persons who identify the person in possession of the right of disposal related to a token and record it in a directory.
 - TT agents: Persons who distribute or provide TT services in Liechtenstein on a professional basis in the name of and for the account of a foreign TT service provider.
-

FINANCIAL MARKET PARTICIPANTS AND PRODUCTS SUPERVISED BY THE FMA

Financial market participants and products supervised by the FMA	2021	2020	Market entries 2021	Market exits 2021
Banks, payment services, and asset management				
Banks	12	13	0	1
Asset management companies	98	102	1	5
Electronic money institutions	3	4	0	1
Payment institutions	1	0	1	0
Postal institution*	1	1	–	–
Insurance and pensions				
Insurance undertakings	33	36	0	3
Insurance intermediaries	57	56	4	3
Pension schemes	17	17	0	0
Pension funds	3	3	0	0
Fund sector				
<i>Law concerning specific undertakings for collective investment in transferable securities (UCITSG)</i>				
Management companies	13	11	2	0
Undertakings for collective investment in transferable securities (UCITS) (funds) ⁺	221	217	13	9
<i>Alternative Investment Fund Managers Act (AIFMG)</i>				
Large alternative investment fund managers	16	16	0	0
Risk managers	1	1	0	0
Selling agents	1	2	0	1
Alternative investment funds (AIFs) ⁺	313	281	58	26
<i>Investment Undertakings Act (IUG)</i>				
Management companies	3	3	0	0
Domestic investment undertakings ⁺	22	24	0	2
Fiduciary sector				
Professional trustees	139	147	3	11
Trust companies	229	245	5	21
Persons with a licence under the 180a Act	208	215	11	18
Auditing				
Auditors	45	46	4	5
Audit firms	24	28	2	6
Patent law				
Patent lawyers	5	5	0	0
Patent law firms	4	4	0	0

Table 1a
Financial market participants and products supervised by the FMA as of the end of the year

* The FMA mainly exercises due diligence supervision.
+ Products

Financial market participants and products supervised by the FMA	2021	2020	Market entries 2021	Market exits 2021
TT service providers (ad hoc supervision)				
Registered TT service providers	18	10	8	0
Services under the TVTG (roles)	39	24	15	0
Deposit guarantee and investor compensation				
Protection schemes	1	1	0	0
Other supervised entities (only SPG supervision)				
Casinos**	5	5		
Other persons subject to due diligence pursuant to Article 3(3) of the Due Diligence Act (SPG)	112	81		
Securities prospectuses				
Approved securities prospectuses ⁺	30	38		

Table 1b
Financial market participants and products supervised by the FMA as of the end of the year

** Licensed by the Office of Economic Affairs
⁺ Products

Financial market participants under the free movement of services*	2021	2020
Free movement of services of EEA banks	206	269
Free movement of services of EEA investment firms	634	2,188
Free movement of services of EEA payment institutions	183	407
Free movement of services of electronic money institutions	145	248
Free movement of services of EEA-regulated markets	16	16
Free movement of services of EEA and Swiss insurance undertakings	337	438
Branches of Swiss insurance undertakings	18	17
Branches of EEA insurance undertakings	0	2
Free movement of services of EEA investment undertakings	682	559
Free movement of services of EEA management companies	90	82
Investment undertakings with third-country market authorisation	25	13
Auditors engaged in free movement of services	36	38
Audit firms engaged in free movement of services	16	18
Patent lawyers engaged in free movement of services	2	2
Patent law firms engaged in free movement of services	1	1

Table 2
Financial market participants under the free movement of services as of the end of the year

* When notifications are received, the FMA verifies that all conditions for operating in Liechtenstein are met and monitors the business activities of branches of foreign financial intermediaries.

Publisher and Editor

Financial Market Authority Liechtenstein
Landstrasse 109
PO Box 279
9490 Vaduz
Liechtenstein

info@fma-li.li
www.fma-li.li

Concept and Design

Leone Ming Est., Markenagentur, Schaan

The publication «Liechtenstein Financial Centre» appears
once a year in April. It is available on the FMA website.
No printed version is published.

Publication date: 9 May 2022