2018 edition
Facts and figures on the financial intermediaries supervised by the FMA

LIECHTENSTEIN FINANCIAL MARKET

FMA

Finanzmarktaufsicht Liechtenstein

FOREWORD

The Principality of Liechtenstein has a specialised and stable financial centre with a strong international network. After industry and manufacturing, financial services are the largest economic sector in Liechtenstein. The most significant players in the financial centre are banks, which are primarily active in private banking and wealth management. The country is also an attractive location for the insurance industry, the asset management industry, and the fund industry, and it has a specialised fiduciary sector.

Liechtenstein is a member of the European Economic Area (EEA) and thus has full freedom to provide services in all countries of the European single market. Due to EEA membership, Liechtenstein is subject to the strict European standards in financial market regulation, guaranteeing client protection and financial stability. Liechtenstein financial intermediaries also benefit from privileged access to the Swiss economic area thanks to close economic ties as well as the customs and currency treaty between the two neighbouring countries. For Swiss market players, Liechtenstein serves as a nearby hub for the European single market.

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

In this publication, we present facts and figures in a compact form on the individual market participants supervised by the FMA.

Mario Gassner
Chief Executive Officer

INTERNATIONAL ENVIRONMENT AND LIECHTENSTEIN FINANCIAL CENTRE

International environment

The year 2017 was marked by a broad economic upturn in both developed and emerging economies. According to figures of the International Monetary Fund (IMF), global growth rose sharply from 3.2% to 3.6%, the highest level since 2011. The synchronous recovery was particularly evident in the strong momentum of international trade activity. Global trade in goods and services increased by 4.7% in 2017, almost twice as fast as in the previous year (2.5%).

Over the course of the year, the external environment had an increasingly positive impact on economic development in the Swiss franc zone. Switzerland recorded rising quarterly growth rates over the course of the year and is likely to have finally overcome the franc shock of early 2015. Overall, Switzerland's gross domestic product (GDP) rose by 1.0% in 2017, and the SNB now expects an acceleration to 2.0% for the current year against the backdrop of stronger external demand and the recent depreciation of the Swiss franc. Also in Liechtenstein, the available data points to an improvement in the economy. Exports of goods rose by 0.5% year-on-year in 2017, while imports of goods increased by 1.0%. The trade surplus rose by 2.1% year-on-year to CHF 1.42 billion, after declining by –3.7% and –0.1% respectively in the previous two years due to the stronger Swiss franc. While GDP figures for 2017 are not yet available in Liechtenstein, data from the Economic Survey indicates that GDP growth in 2017 is also likely to have accelerated significantly in Liechtenstein.

The global convergence of growth was juxtaposed with an increasing divergence of monetary policies on both sides of the Atlantic. While the European Central Bank (ECB) continued its expansionary monetary policy and extended its bond purchase programme at least until September 2018, the US Federal Reserve raised interest rates three times during the year, increasing the key rate to 1.25–1.50% in December. The Bank of England also raised its key rate by a quarter of a percentage point to 0.50% in November against the backdrop of rising inflation due to the depreciation of the pound. By contrast, the Bank of Japan and the Swiss National Bank (SNB) continued their expansionary monetary policy.

Despite the broad economic recovery in the major economic areas, price and inflationary pressures remained relatively low. The sluggish rise in inflation is particularly surprising because the unemployment rate in the US has for quite some time been below the natural level estimated by the Federal Reserve. This is possibly due in part to other capacities in the labour market that do not appear in the unemployment rate. However, there are also many indications that the Phillips curve has flattened in recent years. This development makes it considerably more difficult for central banks to bring an end to the current low interest rate environment.

Although the Federal Reserve already took initial steps to normalise interest rates and the ECB continued its expansionary monetary policy, the strong economic recovery in Europe led to significant gains for the euro against the US dollar. While the rise in key interest rates in the United States had already been expected and therefore did not lead to any major movements on the markets, the European single currency appreciated against the backdrop of the improved economic outlook, which implies higher inflation rates and thus higher interest rate expectations, not only against the US dollar but also against other currencies such as the Swiss franc. The SNB pointed out that the depreciation of the Swiss franc over the course of the year had significantly reduced its overvaluation, but that the franc's valuation remained high. This view is essentially confirmed by the development of the real exchange rate, which recently signalled only a slight overvaluation of the Swiss franc.

The positive economic development combined with continuingly favourable financing conditions led to a sharp rise in prices on the global equity markets, some of which reached record levels (Figure 1). Despite the economic upswing, long-term interest rates remained low by historical standards (Figure 2). The strong recovery of the real economy and the still favourable financing conditions thus increasingly strengthened each other over the past year. Although the macroeconomic recovery has broadened and thus reduces risks, the risks on the financial markets should not be underestimated. The long period of low interest rates has pushed up valuations on the equity and bond markets, and real estate has also gained significantly in value in recent years due to low interest rates. At the same time, favourable financing conditions have led to a further increase in debt in many countries – in both the private and public sectors.

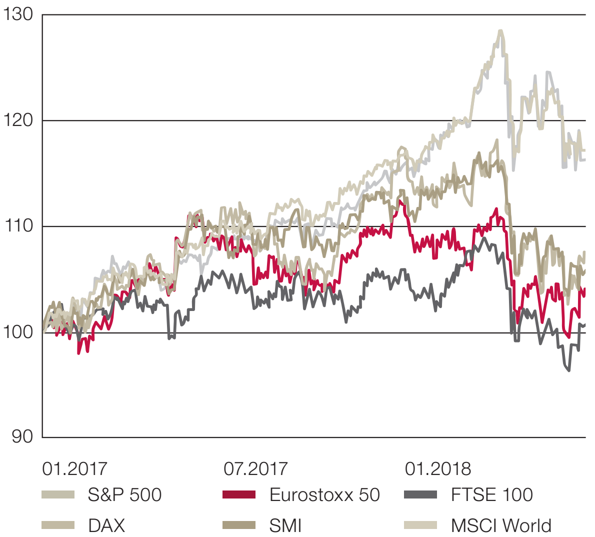


Figure 1 | Equity markets (index, 01.01.2017 = 100)

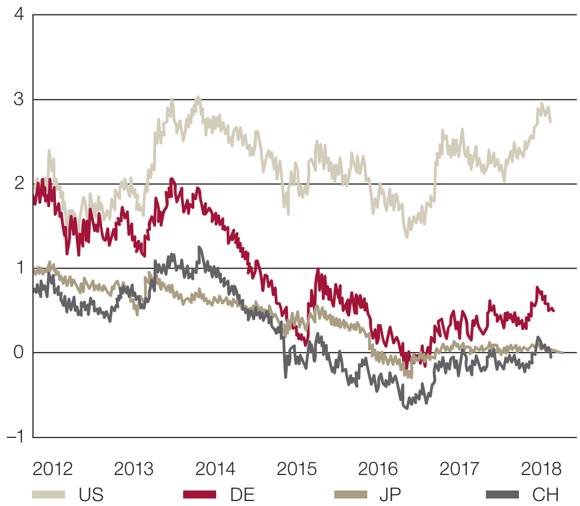


Figure 2 | Interest rates on 10-year government bonds (%)

Overall, 2017 was the strongest year for the global economy since the global financial crisis almost ten years ago. The strong real economy, combined with continued expansionary monetary policy and historically low risk premiums, boosted the equity markets and at the same time reduced the observed and implicit (expected) volatility. However, at the beginning of February 2018 there was a significant price correction on the global financial markets, marked by a simultaneous sell-off on the equity and bond markets. While long-term interest rates have risen somewhat, the higher volatility has so far had little impact on risk premiums, and the consequences for the real economy are therefore likely to be very limited. Nevertheless, economic development remains exposed to considerable geopolitical risks, and the increasing protectionism currently emanating especially from the United States implies high risks for a small and open economy such as Liechtenstein. However, the outlook for the coming months is still positive due to the strong economic data, although the beginning of normalisation of monetary policy might lead to increased uncertainty and volatility on the financial markets.

The Liechtenstein financial centre

The Liechtenstein financial centre, with its strong international network, was able to profit from the good global economic situation and positive market developments. But financial market players continue to operate in an environment of high regulatory pressure and challenging market conditions.

The assets under management of Liechtenstein banks, including foreign group companies, increased by 25% year-on-year, reaching CHF 294.3 billion at the end of 2017. Positive market developments, acquisitions by Liechtenstein banks abroad, and net inflows of new money contributed to this. Banks generated income totalling CHF 575 million in 2017 (previous year: CHF 474 million). The fund sector recorded significant growth in fund volume. Net assets under management rose to CHF 53 billion (previous year: CHF 46 billion). The assets under management of the asset management companies also increased significantly. They rose by 15% to CHF 40.6 billion.

In the insurance sector, the premium income of non-life insurance undertakings was higher than the premium income of life insurance undertakings for the first time. This development is mainly due to the establishment of new non-life insurance undertakings in Liechtenstein. Total premium income of insurance undertakings in 2017 amounted to CHF 5.12 billion (previous year: CHF 3.16 billion).

Of the premiums written, CHF 2.69 billion (52%) are attributable to non-life insurance, CHF 2.38 billion (47%) to life insurance, and CHF 0.05 billion (1%) to reinsurance.

At the end of 2017, 22 occupational pension schemes in Liechtenstein were under the supervision of the FMA. The total assets of the pension schemes and the amounts held in vested benefits accounts amounted to CHF 6.51 billion at the end of 2016, representing approximately 106% of Liechtenstein's GDP. At the end of 2017, the average funding ratio according to the second half-yearly report was 107.8%. The five pension funds licensed in Liechtenstein received about CHF 82 million in premiums in 2017.

The trend towards greater internationalisation of the Liechtenstein financial centre continued in 2017: Foreign investors have increasingly invested in Liechtenstein companies. Conversely, Liechtenstein banking institutions strengthened their presence abroad. In the banking sector, more than half of all institutions in Liechtenstein either made acquisitions abroad, strengthened their foreign presence, or sold their own shares to foreign investors over the past two years. Further internationalisation can also be observed in the insurance sector. These developments are an expression of a strong and attractive financial centre.

The FMA noted a high level of interest on the part of companies from the FinTech environment to become active in Liechtenstein. In 2017, the FMA processed a total of 101 enquiries relating to FinTech. The total number of companies operating in Liechtenstein that can be attributed to FinTech is about two dozen. Three of these have been licensed by the FMA. The remaining companies do not require a licence. Depending on their business model, however, the FMA closely monitors their activities. Established financial service providers are also increasingly investing in new financial technologies. The FMA pursues the approach of making business models possible in the field of new financial technologies in accordance with regulatory requirements and within the guideposts of client protection, trust in the financial market, and financial stability.

FINANCIAL INTERMEDIARIES

Banks, e-money institutions, and investment firms

Liechtenstein banks focus their activities primarily on 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 with subsidiaries and branches, particularly in Asia. At the end of 2017, 15 banks operated in Liechtenstein (previous year: 15).

Assets under management of banks (Liechtenstein banks including foreign group companies) amounted to CHF 294.3 billion at the end of 2017 (previous year: CHF 234.8 billion). Of that amount, banks in Liechtenstein managed CHF 168.9 billion (previous year: CHF 136.8 billion). The strong increase in assets under management is due to positive market developments, acquisitions by Liechtenstein banks abroad, and net new money inflows. Thanks to these factors, assets under management have reached a new high.

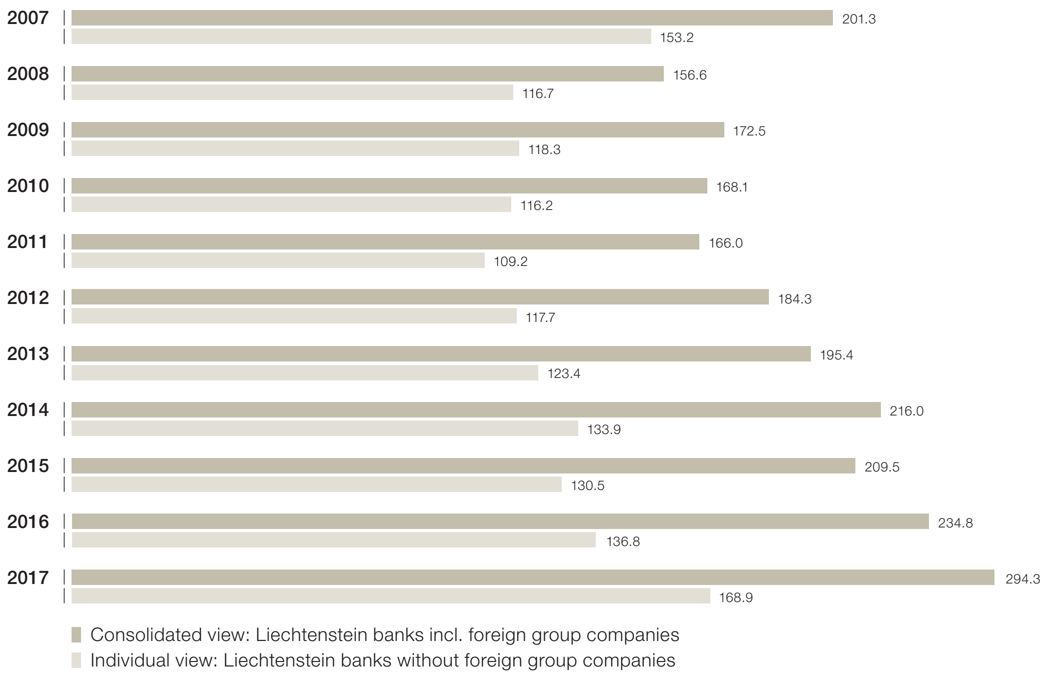


Figure 3
Assets under management (in CHF billion)

The net inflow of new money of Liechtenstein banks, including foreign group companies, was about CHF 40.1 billion in 2017 (previous year: CHF 20.3 billion). Liechtenstein banks accounted for CHF 17.6 billion of that amount (previous year CHF 3.0 billion). However, there are major differences among the individual banks.

Earnings before tax (EBT) improved once again on a consolidated basis (Liechtenstein banks including foreign group companies) compared with the previous year, rising from CHF 474.1 million in 2016 to CHF 575.3 million in 2017. This corresponds to an increase of 21.4% over 2016, while the cost/income ratio of 69.6% remained at the previous year's level (68.9%).

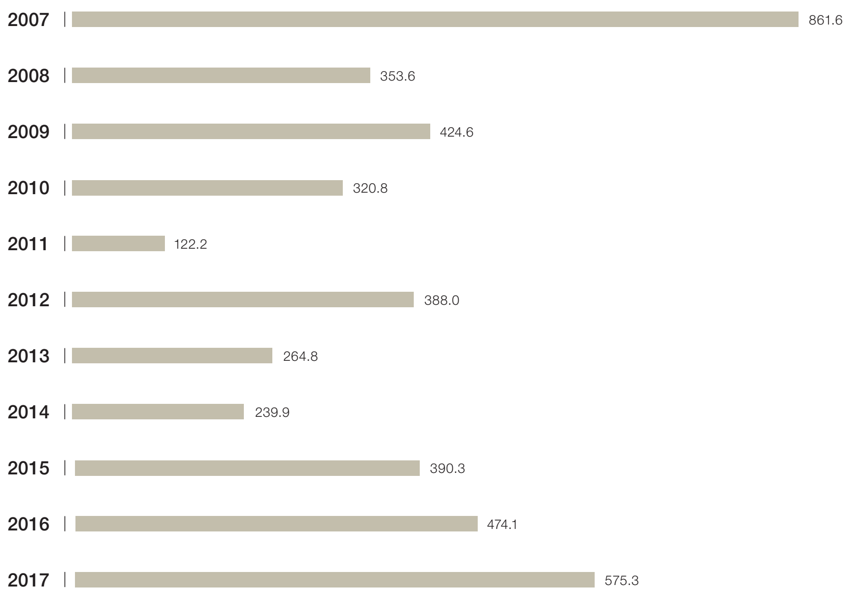


Figure 4
Earnings before tax (EBT) of Liechtenstein banks including foreign group companies (in CHF million)

The balance sheet total of Liechtenstein banks, including foreign group companies, also rose against the backdrop of the aforementioned acquisitions and reached about CHF 82.4 billion at the end of 2017 (previous year: CHF 74.3 billion). Consolidated across all banks, liabilities to clients amounted to 78.5% of the balance sheet total or CHF 64.7 billion (previous year: CHF 58.2 billion).

On a consolidated basis, the weighted Tier 1 capital ratio across all banks was 20.7% at the end of 2017 (previous year: 21.6%). The Tier 1 ratio of the Liechtenstein banking centre is higher than the international average. The strong capitalisation is also confirmed by the leverage ratio. In 2017 it was 7.5% (previous year: 8.0%) and thus significantly higher than the ratio of 3% envisaged by Basel III. The high equity backing ensures a stable financial centre and security for banking clients.

The financial sector in general and the banks in particular are of great importance to Liechtenstein's national economy, also as employers. At the end of 2017, the number of full-time equivalent jobs at Liechtenstein banking institutions was about 2,435 (previous year: 2,313).

2014	2172
2015	2186
2016	2313
2017	2435

Figure 5
Number of jobs at banks in Liechtenstein without foreign group companies

In Liechtenstein, two e-money institutions and an investment firm are also licensed. E-money institutions issue electronically stored monetary values with which payment transactions can be executed. Prepaid cards are one example. Investment firms can carry out financial commission and issue transactions or operate multilateral trading facilities.

Great importance of the financial sector for the Liechtenstein economy

The Liechtenstein financial sector is strongly diversified with an extensive international network. After industry and manufacturing, it is the largest sector of the Liechtenstein national economy and thus of exceptional importance. About 9% of all persons employed in Liechtenstein work in the area of financial and insurance services, and another 7% in legal and tax consultancy or auditing. In total, 6,346 people worked in the financial sector at the end of 2016, which corresponds to more than 16% of all employees.

Gross value added by economic sector
In 2015, the Liechtenstein financial sector generated gross value added of CHF 1.433 billion. This means that every fourth franc of value added in Liechtenstein is generated in the financial sector.

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 136 million in the 2015 tax year.

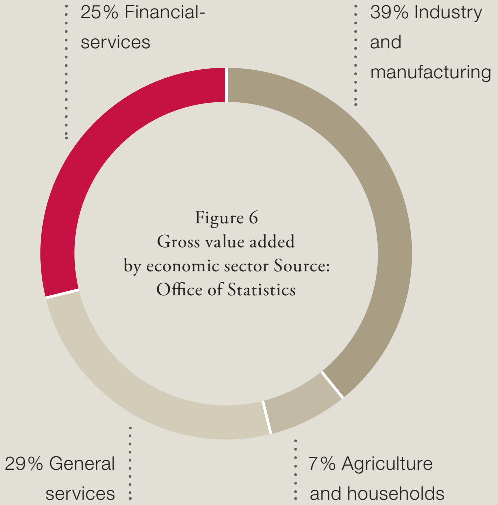


Figure 6
Gross value added by economic sector Source: Office of Statistics

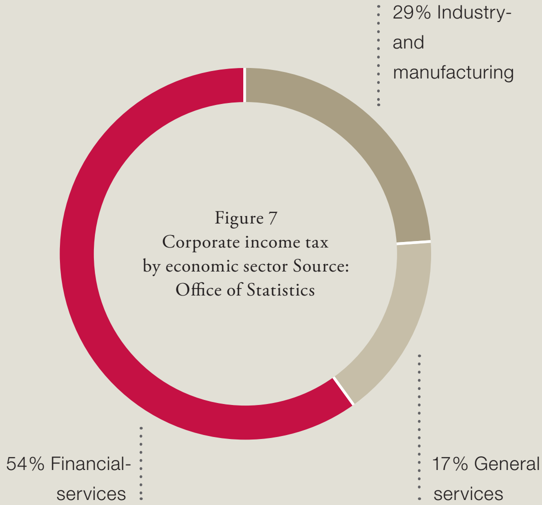


Figure 7
Corporate income tax by economic sector Source: Office of Statistics

Funds and management companies

Thanks to its stability and international compatibility, the Liechtenstein fund centre offers attractive conditions for fund providers and their products.

The number of licensed Liechtenstein funds decreased by 10 to 480 funds at the end of 2017 (previous year: 490). A fund may consist of one or more sub-funds. At the end of 2017, 683 sub-funds were authorised (previous year: 695).

The funds were managed by a total of 15 management companies or alternative investment fund managers (AIFMs) and one self-managing investment company. Other licence holders under fund law were a risk manager under the AIFM Act (AIFMG) and two selling agents under the AIFMG. They employed a total of 225 people (previous year: 211).

The fund volume increased sharply compared with the previous year due to market developments, many new subscriptions of existing funds, and successful new formations. For these reasons, net assets under management increased to CHF 53.07 billion at the end of 2017 (previous year: CHF 46.03 billion).

Liechtenstein grew as a marketing location for foreign funds compared with the previous year. As a result of EEA incorporation of the AIFM Directive on 1 October 2016, the number of foreign funds licensed for distribution in Liechtenstein rose to 291 (previous year: 126) and that of the sub-funds licensed for distribution to 1,327 (previous year: 990).

2012	791
2013	779
2014	735
2015	714
2016	695
2017	683

Figure 8
Development of number of sub-funds

2012	37.2
2013	38.4
2014	46.2
2015	45.2
2016	46.0
2017	53.1

Figure 9
Development of net assets under management of funds (in CHF billion)

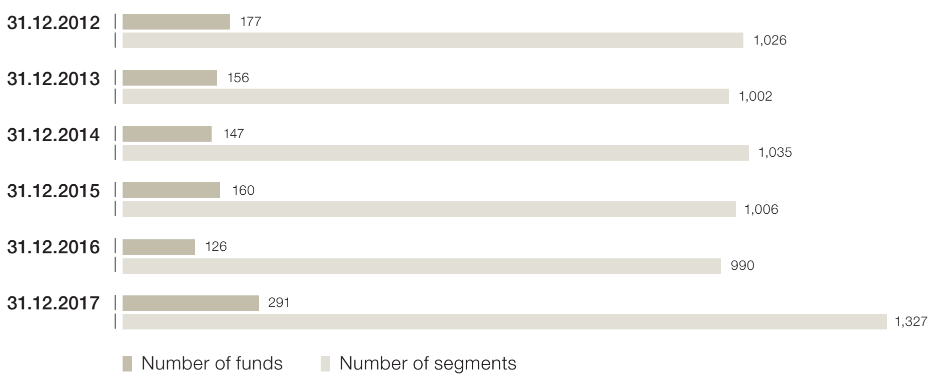


Figure 10
Number of authorised foreign funds

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. They also work in securities and financial analysis and in the acceptance and transmission of orders relating to financial instruments. Asset management companies may neither accept nor hold assets of third parties.

At the end of 2017, 109 asset management companies held licences in Liechtenstein (previous year: 116). They employed a total of 664 people (previous year: 646). The asset management companies had a total of 9,549 client relationships at the end of 2017, of which 7,280 included an asset management mandate. The assets under management of the companies increased by about 15% to CHF 40.63 billion, of which CHF 26.00 billion or 64% (previous year: CHF 20.37 billion or 58%) were invested at Liechtenstein banks. This increase was due to the positive market development and the acquisition of new clients.

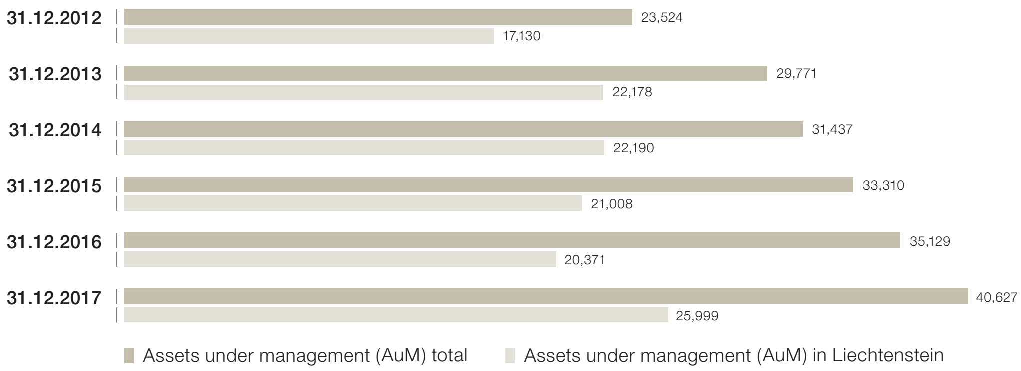


Figure 11
Development of assets under management of asset management companies (in CHF million)

Figure 12
Development of the number of client relationships of asset management companies

Insurance undertakings

Liechtenstein offers insurance undertakings direct market access to the countries of the European Economic Area and to Switzerland. This is made possible by Liechtenstein's EEA membership and the Direct Insurance Agreement with Switzerland.

Life, non-life, and reinsurance undertakings operate in Liechtenstein. Life insurance undertakings mainly offer unit-linked/fund-linked life insurance (insurance class 3). The activities of non-life insurers cover all relevant classes of insurance. The reinsurance undertakings are captives. They are company-owned insurance undertakings offering coverage of company insurance risks for the parent undertaking or the group.

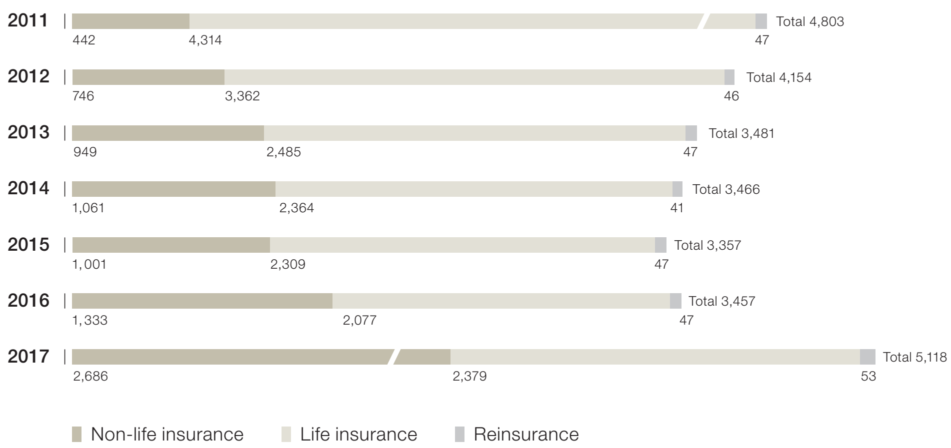
At the end of 2017, 20 life, 15 non-life, and 3 reinsurance undertakings operated with registered offices in Liechtenstein. 10 undertakings operated as captives, 7 of which as direct insurers and 3 as reinsurers.

	2011	2012	2013	2014	2015	2016	2017
Non-life insurers	14	14	15	15	17	16	15
Life insurers	21	22	22	22	21	20	20
Reinsurers	5	5	5	5	3	3	3
Total licences	**40**	**41**	**42**	**42**	**41**	**39**	**38**

Figure 13
Number of insurance undertakings

In 2017, premium income of the non-life insurance undertakings exceeded the premium income of the life insurance undertakings for the first time. This development is mainly due to the establishment of new non-life insurance undertakings in Liechtenstein and thus proves not only the attractiveness of the local conditions, but also the further development of the Liechtenstein insurance market into an increasingly diversified and consequently more resilient location.

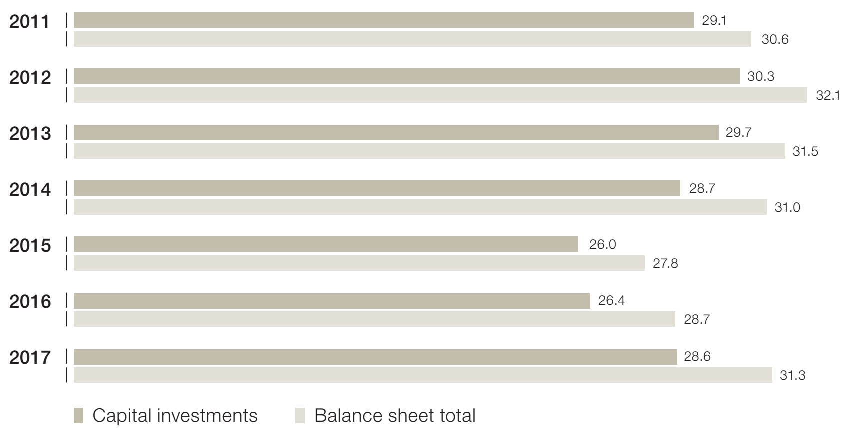
According to provisional reports, total premium income of insurance undertakings in the 2017 fiscal year amounted to CHF 5.12 billion, an increase of 48% over 2016. The reason for this marked increase is the relocation of the registered office of a large non-life insurance undertaking to Liechtenstein. Of the premiums written, CHF 2.69 billion (52%) are attributable to non-life insurance, CHF 2.38 billion (47%) to life insurance, and CHF 0.05 billion (1%) to reinsurance.



Figur 14
Development of gross premiums written of insurance undertakings (in CHF million)

The balance sheet total of all insurance undertakings domiciled in Liechtenstein amounted to approximately CHF 31.3 billion at the end of 2017 (previous year: CHF 28.7 billion).

According to provisional reports, the capital investments of all insurance undertakings domiciled in Liechtenstein amounted to CHF 28.6 billion at the end of 2017. The largest share of this, namely CHF 24.1 billion (around 84%), is attributable to the investments managed for the account and risk of policyholders as part of unit-linked/fund-linked life insurance.



Figur 15
Development of balance sheet and capital investments of insurance undertakings (in CHF billion)

Under the risk-based Solvency II supervisory system, insurance undertakings must meet high capital adequacy requirements. The supervisory regime defines the capital requirements for each individual insurance undertaking so that the undertaking can meet its obligations to clients even if extraordinary events occur. Both the risks of the insurance business as such and operational risks are taken into account. In that way, the capital requirements serve to protect policyholders' claims against the insurance undertaking.

At the end of 2017, all Liechtenstein insurance undertakings fulfilled the solvency capital requirements. The solvency ratio at the end of 2017 ranged between 139% and 458% for the mid 80% of companies. The minimum solvency ratio was 125%, the maximum 1,575%. The highest solvency ratios in Liechtenstein are achieved consistently with captives, given that their earnings are generally retained by the undertaking, particularly through the formation of provisions and reserves (continuous increase in own funds), while the risk situation of the captives changes only minimally.

Insurance undertakings employed a total of 867 people at the end of 2017 (previous year: 649).

Cross-border provision of services

A total of 14 foreign insurance undertakings maintained a dependent branch in Liechtenstein at the end of 2017. 11 of these had their registered offices in Switzerland. In addition, at the end of 2017, 364 insurance undertakings from various EEA countries and Switzerland were notified to the FMA for the cross-border provision of services in Liechtenstein via their home country supervisory authority.

The main markets for Liechtenstein insurance undertakings in 2016 were Italy (20.5% of gross premiums written), Switzerland (17.3%), Ireland (16.5%), and Germany (13.3%). The data for 2017 was not yet available by the editorial deadline.

United Kingdom	23
Germany	460
Italy	709
Liechtenstein	27
Austria	76
Ireland	569
other EEA states	390
Switzerland	599
other third countries	604

Figure 16
Gross written premiums in 2016 by country (in CHF million)

In the 2016 fiscal year, the gross premiums generated in non-life insurance in Switzerland rose by almost 60% from CHF 186.4 million to CHF 294.3 million. The reason for this marked increase is the relocation of the registered office of a large non-life insurance undertaking to Liechtenstein. The largest share of premiums was generated in the insurance class of general liability (27%), followed by sickness (20%), and fire and natural hazards (11.0%). Of the total of CHF 294.3 million, CHF 159.1 million (54.1%) was attributable to captives.

In life insurance, gross premiums earned in Switzerland fell from CHF 397.5 million in the previous year to CHF 318.5 million. About 49% of gross premiums from life insurance business were generated in the life insurance class, followed by 41% in unit-linked/fund-linked insurance and 9% in capital redemption insurance.

Compulsory building insurance

As of 31 December 2016, 12 insurance undertakings offered compulsory building insurance in Liechtenstein.

The fire insurance sum as of 31 December 2016 was CHF 19.6 billion for buildings, CHF 1.9 billion for household effects, and CHF 4.1 billion for other moveable objects. In total, the fire insurance sum in 2016 amounted to CHF 25.6 billion (previous year: CHF 24.9 billion).

Premium income for fire insurance in 2016 was CHF 8.8 million. Premiums for compulsory building insurance totalled CHF 19.4 million in 2016. This is juxtaposed with claims payments amounting to CHF 1.8 million (CHF 1.3 million for fire damage and CHF 0.5 million for damage from natural hazards).

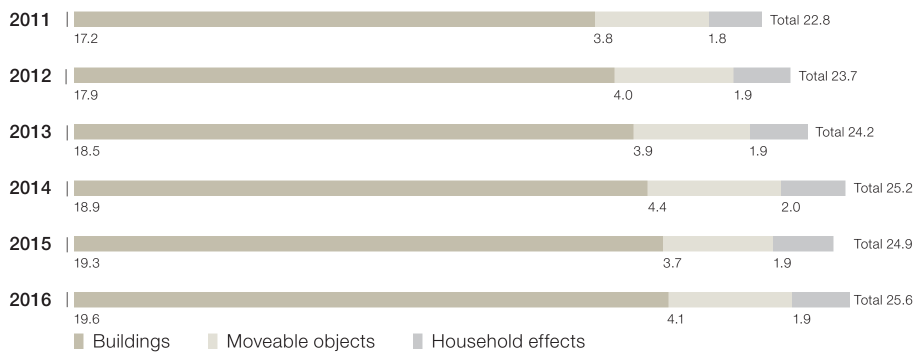


Figure 17
Fire insurance sum of Liechtenstein buildings (in CHF billion)

Insurance intermediaries

At the end of 2017, the FMA supervised a total of 64 licensed and registered insurance intermediaries, of which 56 were legal persons, 5 sole proprietorships, and 3 natural persons. Of the 64 registered insurance intermediaries, 53 worked as insurance brokers and 11 as insurance agents.

According to the annual reports for the 2016 fiscal year, the gross income generated by insurance mediation totalled CHF 26.67 million, of which approximately 62% (CHF 16.46 million) was generated in non-life insurance, approximately 38% (CHF 10.18 million) in life insurance, and a small amount (CHF 27,400) in reinsurance.

	2013	2014	2015	2016	2017
Brokers	57	52	59	57	53
Agents	10	11	10	11	11
Total licences	**67**	**63**	**69**	**68**	**64**

Figure 18
Registered insurance intermediaries supervised by the FMA

Pension schemes

Pension provision in Liechtenstein is built on three pillars: Old Age, Disability, and Survivors' Insurance administered by the State (AHV/IV), mandatory occupational pension provision, and private pension provision on a supplementary basis. The first pillar aims to secure the subsistence level of the insured person and family members in the event of old age, disability, and death. In conjunction with the first pillar, the second pillar – occupational pension provision – aims to ensure that the accustomed standard of living can be maintained. The third pillar – individual pension provision – serves to close provision gaps that cannot be covered by the first and second pillars.

Occupational pension provision is administered by pension schemes, i.e. by autonomous legal entities in the form of foundations that are subject to the Occupational Pensions Act (BPVG) and supervised by the FMA.

At the end of 2017, 22 pension schemes in Liechtenstein (previous year: 22) were under the supervision of the FMA. These were 8 collective foundations and 14 company pension schemes.

The funding ratio is a key indicator for assessing the financial situation of a pension scheme. The funding ratio is the ratio between the available assets and liabilities. If it is at least 100%, all liabilities can be met as of the reporting date. If the funding ratio is below 100%, this is considered a shortfall, and recovery measures must be instituted. At the end of 2017, the average funding ratio according to the second half-yearly report was 107.8%. The range was between 98% and 122%.

As of 31 December 2016, the number of beneficiaries was 40,640, of whom 35,655 (88%) were active insured persons and 4,985 (12%) were pensioners.

In 2016, 28,922 (69%) of beneficiaries were affiliated with collective foundations and 11,718 (31%) with company foundations.

Occupational pension provision is funded by employer and employee contributions as well as interest and deposits. In 2016, total contributions made to pension schemes amounted to CHF 384.2 million, of which 51% came from employers and 40% from employees. This amount was supplemented by special and other contributions as well as deposits to employer contribution reserves, making up 8% of contribution income.

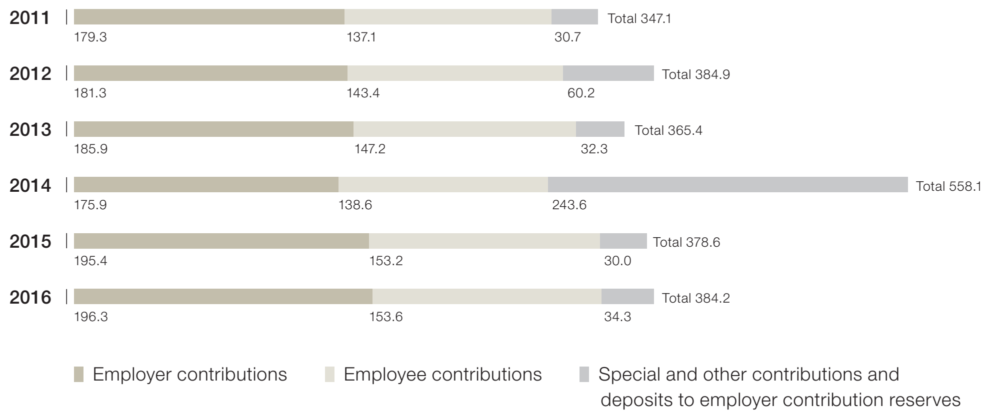


Figure 19
Development of employer and employee contributions (in CHF million)

The benefits of pension schemes under their own rules may far exceed the legal minimum. In 2016, Liechtenstein pension schemes paid benefits under their own rules totalling CHF 176.8 million. Old age pensions at 45.7% or CHF 80.9 million accounted for the largest share of benefits. Capital payments upon retirement made up 31.1% or CHF 54.9 million. The pension schemes paid contributions totalling CHF 15.1 million (8.5%) for benefits from disability pensions and pensions for children of persons with disabilities, as well as CHF 13.7 million (7.8%) for benefits from widow's, widower's, and orphan's pensions.

Pension capital and technical provisions amounted to CHF 5.64 billion as of 31 December 2016 (previous year: CHF 5.49 billion). The total assets of the pension scheme and the amounts held in vested benefits accounts amounted to CHF 6.51 billion at the end of 2016, corresponding to about 106% of Liechtenstein's GDP. This underscores the great overall economic importance of the second pillar.

Interest is paid annually on the pension capital of active insured persons and pensioners. The vast majority (97%) of active insured persons are insured according to the defined contribution principle. Interest on their savings capital fell in 2016. On average, they were credited an annual interest of 1.3% in 2016, down from 1.8% in the previous year.

2011	4.35
2012	4.75
2013	4.97
2014	5.28
2015	5.49
2016	5.64

Figure 20
Development of pension capital and technical provisions (in CHF billion)

Vested benefits accounts

In 2017, three banks maintained vested benefits accounts. As of 31 December 2017, there were a total of 16,583 (2015: 15,806) such accounts with managed capital of CHF 451.4 million (2015: CHF 423.3 million). The average amount of vested benefits was CHF 27,218 (2015: CHF 26,779). The weighted interest rate on the vested benefits accounts was 0.067% in 2017.

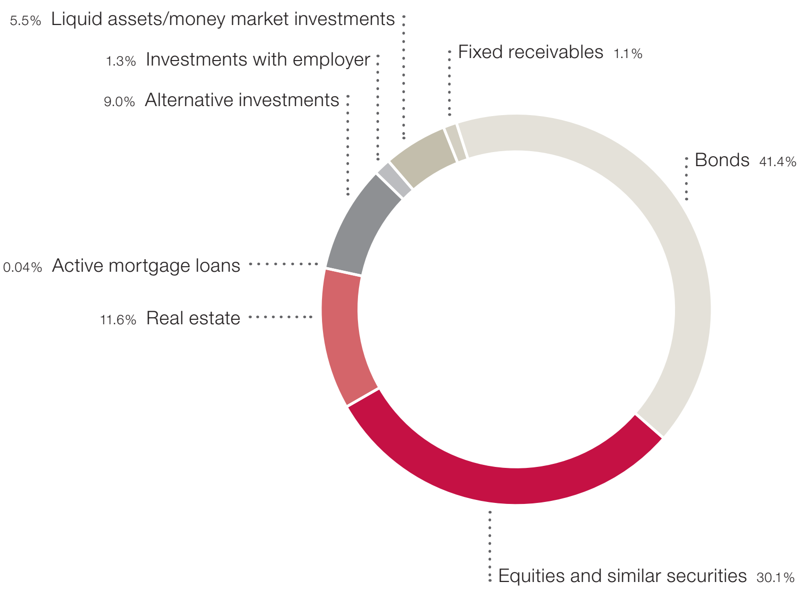


Figure 21
Breakdown of investments in 2016 by asset class (in %)

Pension funds

Pension funds are institutions for occupational retirement provision. Pension funds domiciled in Liechtenstein can carry out cross-border activities in 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.

At the end of 2017, the FMA supervised 5 pension funds (previous year: 5). Of these, 4 were engaged in cross-border activities in the EEA and in third countries. Liechtenstein is one of six European locations (besides Austria, Belgium, Germany, Ireland, Luxembourg, and the United Kingdom) in which cross-border pension funds have their registered offices.

Provisional reports indicated that CHF 81.8 million in gross premiums were earned in the 2017 fiscal year (previous year: 86.4 million).

Professional trustees and trust companies

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

The FMA's powers include licensing, verification of permanent compliance with licensing conditions, and enforcement of supervision, including the withdrawal of licences. The FMA is also responsible for the due diligence supervision of professional trustees and trust companies.

As of 31 December 2017, the number of persons holding a licence under the Professional Trustees Act was 396 (previous year: 396). This figure includes 146 professional trustees (previous year: 139) and 250 trust companies (previous year: 257).

	2014	2015	2016	2017
Professional trustees	105	115	139	146
Trust companies	275	263	257	250
TOTAL	**380**	**378**	**396**	**396**

Figure 22 | Professional trustees and trust companies

Persons under the 180a Act

The activities of persons under the 180a Act include the assumption of board mandates under Article 180a of the Law on Persons and Companies (PGR). With the entry into force of the newly created 180a Act on 1 January 2014, stronger oversight by the supervisory authority was instituted.

At the end of 2017, 215 persons held a licence under the 180a Act (previous year: 218).

	2014	2015	2016	2017
Persons with a licence under the 180a Act	230	226	218	215

Figure 23 | Persons under the 180a Act

Auditors and audit firms

As of 31 December 2017, the number of persons holding a licence under the Auditors Act (WPRG) was 133 (previous year: 128). These include auditors (45), auditors engaged in the free movement of services (38), foreign auditors established in Liechtenstein (4), audit firms (28), and audit firms engaged in the free movement of services (18).

The FMA is responsible for prudential supervision of auditors and audit firms (granting and withdrawing licences, monitoring ongoing compliance with the licensing conditions), disciplinary powers, conducting quality and due diligence audits, and maintaining the auditors' register.

	2014	2015	2016	2017
Auditors	37	37	40	45
Audit firms	26	28	28	28
Auditors engaged in free movement of services	42	40	39	38
Audit firms engaged in free movement of services	20	18	18	18
Auditors established in Liechtenstein	4	4	3	4
TOTAL	**129**	**127**	**128**	**133**

Figure 24
Auditors and audit firms

Patent lawyers and patent law firms

Patent lawyers and patent law firms offer professional advice and representation in the fields of intellectual property.

As of 31 December 2017, 7 patent lawyers and 3 patent law firms held licences under the Patent Lawyers Act (PAG).

	2014	2015	2016	2017
Patent lawyers	9	7	7	7
Patent law firms	3	3	3	3
TOTAL	**12**	**10**	**10**	**10**

Figure 25
Patent lawyers and patent law firms

Casinos

At the end of 2017, 2 casinos held a licence in Liechtenstein. Both casinos took up business in 2017. The Gambling Act (GSG) serves as the legal basis.

The FMA exercises due diligence supervision over casinos. The due diligence requirements of a casino include identifying players and monitoring gaming operations.

Other financial intermediaries

Under Article 3(3) of the Due Diligence Act (SPG), the FMA Liechtenstein is also tasked with due diligence supervision of persons such as real estate brokers or dealers in goods, provided that they exercise activities subject to due diligence.

ANNEX

Financial intermediaries and products supervised by the FMA

Financial market participants and products supervised by the FMA	2016	2017	Licences issued in 2017	Market exits in 2017
Banking Division				
Banks	15	15	0	0
Investment firms	1	1	0	0
Payment institutions	0	0	0	0
Liechtenstein Postal Service	1	1	0	0
External auditors under the Banking Act	5	5	0	0
E-money institutions	2	3	1	0
Securities and Markets Division				
Asset management companies	116	109	3	10
IUG				
Active management companies (MCs)	12	11	0	1
Domestic investment funds 2005	265	143	0	122
Domestic investment funds 2015	0	5	5	0
Foreign investment funds (AIF and UCITS)	129	291	180	18
Audit firms (only under IUG)	10	10	0	0
Audit firms (only under IUG 2015)	0	3	3	0
UCITSG				
Active management companies (MCs)	12	12	0	0
UCITS	203	221	33	15
Audit firms	9	10	1	0
AIFMG				
Large AIFMs	13	13	1	1
Small AIFMs	0	0	0	0
Administrators	0	0	0	0
Risk managers	1	1	0	0
Selling agents	0	2	2	0
AIFs	22	111	95	6
Audit firms	9	10	1	0
Insurance and Pension Funds Division				
Insurance undertakings	39	38	1	2
External auditors under the VersAG	12	10	1	3
Insurance intermediaries	68	64	4	8
Pension schemes	22	21	0	1
External auditors under the BPVG	15	15	0	0
Pension insurance experts under the BPVG	17	17	0	0
Pension funds	5	5	0	0
Other Financial Intermediaries Division				
Professional trustees	139	146	12	5
Trust companies	257	250	5	12
Auditors	40	45	6	1
Auditors established in Liechtenstein	3	4	1	0
Audit firms	28	28	0	0
Patent lawyers	7	7	0	0
Patent law firms	3	3	0	0
Persons with a licence under the 180a Act	218	215	13	16
Casinos	0	2	2	0

Figure 26 | Financial market participants and products supervised by the FMA

Financial intermediaries supervised by the FMA under the free movement of services

Financial market participants supervised by the FMA under the free movement of services	2016	2017
Banking Division		
Free movement of services of EEA banks	229	241
Free movement of services of EEA investment firms	1 952	2 067
Free movement of services of EEA payment institutions	273	313
Free movement of services of e-money institutions	89	141
Free movement of services of EEA-regulated markets	16	16
Branches of EEA investment firms	2	1
Insurance and Pension Funds Division		
Free movement of services of EEA and Swiss insurers	355	364
Branches of Swiss insurers	10	10
Branches of EEA insurers	3	3
Securities and Markets Division		
Free movement of services of EEA investment undertakings	116	280
Free movement of services of EEA management companies	14	19
Other Financial Intermediaries Division		
Auditors engaged in free movement of services	39	38
Audit firms engaged in free movement of services	18	18

Figure 27
Financial intermediaries supervised by the FMA
under the free movement of services

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The publication "Financial Market Liechtenstein" appears
once a year in the spring. It is available on the FMA website.
No printed version is published.

Publication date: 18 April 2018