2019 edition

Facts and figures on the financial intermediaries supervised by the FMA

LIECHTENSTEIN FINANCIAL MARKET

FMA

Financial Market Authority Liechtenstein

FOREWORD

The FMA Liechtenstein supervises a diversified financial centre. In this publication, we present facts and figures in a compact form on the market participants supervised by the FMA.

In 2018, the Liechtenstein financial centre developed well in a challenging environment. Despite negative market developments, the assets under management at banks exceeded the CHF 300 billion mark for the first time at the end of 2018. Income remained stable. Further premium growth was recorded by the non-life insurance companies.

Apart from customer protection, our authority is also responsible for ensuring financial stability. In November 2018, the FMA published its first Financial Stability Report. It confirms the financial centre's high degree of stability. Market access is another success factor for the Liechtenstein financial centre with its strong international linkages. Liechtenstein belongs to the European Economic Area (EEA) and thus enjoys full freedom to provide services in all countries of the European single market. Thanks to Liechtenstein's EEA membership, the strict European standards in financial market regulation are applicable in Liechtenstein. Due to the close neighbourly economic relations and the Customs and Currency Treaty with Switzerland, Liechtenstein financial intermediaries also benefit from privileged access to the Swiss economic area.

The sound financial policy of the public budgets, short administrative channels, and a transparent and predictable tax and legal framework contribute to the attractiveness of Liechtenstein as a business location. The FMA is an accessible authority and looks forward to meeting with you.

Mario Gassner
Chief Executive Officer

INTERNATIONAL ENVIRONMENT AND LIECHTENSTEIN FINANCIAL CENTRE

International environment

After the year 2017 was marked by a broad economic upswing, the global economy cooled off over the course of 2018. The International Monetary Fund (IMF) estimates global GDP growth at 3.7% for 2018 and expects a further decline in growth in 2019 and 2020. Due to increasing protectionism and the struggling global economy, there has been a noticeable cooling of global trade activity compared with the previous year, especially in the developed economies.

After a continuous decline over the course of the year, GDP growth stabilised somewhat in both the Eurozone and Switzerland in the last quarter of 2018. Overall, GDP rose by 1.9% in the Eurozone and by 2.5% in Switzerland in 2018 compared with the previous year, despite a significant weakening of the growth momentum in the second half of the year. For the current year, the Swiss National Bank (SNB) expects GDP growth of 1.5%, given that the weaker international environment will be transferred to Switzerland via external demand.

Contrary to the international trend, the economic outlook for Liechtenstein continues to be positive, even though sentiment indicators have also declined somewhat in Liechtenstein recently. In its estimates for the Liechtenstein economy for 2017, the Office of Statistics expects nominal GDP to increase by 3.8%. While no GDP figures are available yet for 2018, the results of the Economic Survey indicate a positive general situation. The trade balance surplus (based on direct exports and direct imports excluding Switzerland) rose by 19.9% year-on-year to CHF 1.6 billion, given that direct exports in 2018 increased significantly more sharply (+8.4%) than direct imports (+0.6%).

Despite the recovery on the labour markets, inflationary pressure in the major national economies continued to be relatively weak, declining further towards the end of the year. For more than two years, the unemployment rate in the United States has been below the natural unemployment rate, which the Federal Reserve assumes to be just under 4.5%. The labour market in the Eurozone likewise continued to recover, with an unemployment rate of 7.9% at the end of the year.

As expected, the European Central Bank (ECB) ended its bond purchase programme at the end of 2018, after having reduced its monthly purchases step by step over the course of the year. However, the ECB's monetary policy continued to be very expansionary, in light of the reinvestment of maturing securities and the maintenance of effectively negative interest rates. The SNB also maintained its expansionary policy during 2018. Following the ECB's announcement that interest rates would remain at the current level until at least the end of 2019, an interest rate hike in Switzerland has also moved into the distant future so as not to trigger appreciation pressure on the Swiss franc. The Swiss franc has appreciated somewhat since mid-2018, following the steady depreciation in 2017, and its valuation thus continues to be comparatively high.

In contrast to the monetary policy decisions in Europe, the US Federal Reserve tightened interest rates four times in 2018, most recently raising its key rate in December to a target range of 2.25%–2.5%. The resulting strong US dollar led to increased capital outflows from emerging markets and rising risk premiums. After two interest rate hikes had been planned and expected for 2019 last December, the Federal Reserve signalled an interest rate pause in its monetary policy decision in March due to the uncertain economic outlook. The Bank of England also raised key rates to 0.75% against the backdrop of the economic upturn in August, while the Bank of Japan continued its expansionary monetary policy.

After the broad upswing in 2017, which was accompanied by strong equity market performance and historically low volatility, price gains on most equity markets were significantly more modest in 2018. Especially the increasing fears of recession towards the end of the year led to a significant price correction in November and December, so that most of the profits previously generated had to be given up, and some indices even recorded clearly negative returns for the year as a whole (Figure 1). At the same time, the financial markets in 2018 were marked by strong volatility swings against the backdrop of increasing political uncertainty, which also resulted in a gradual increase in risk premiums not only in the emerging markets, but also in US corporate bonds with lower ratings. The weakening economy – despite the continuing favourable financing conditions – not only led to a comparatively poor performance on the equity markets, but also to a renewed decline in long-term interest rates (Figure 2). An end to the low interest rate environment has thus moved further into the distance, especially in Europe.

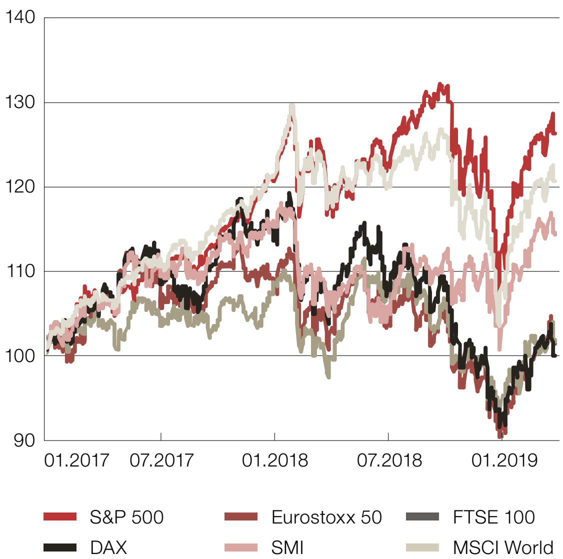


Figure 1
Equity markets (index, 01.01.2017 = 100); Source: Bloomberg

Figure 2
Interest rates on 10-year government bonds (%); Source: Bloomberg

Against the backdrop of the economic slowdown, the ECB in March 2019 further postponed an interest rate hike until next year. The US Federal Reserve has also recently suspended its normalisation of monetary policy – i.e. further interest rate hikes that had still been expected at the end of 2018. Although it cannot yet be assumed from today's perspective that the major national economies will fall into a technical recession with negative growth rates, the probability of a recession has nevertheless increased significantly. Although the central banks have other unconventional instruments at their disposal to stimulate the economy, the effectiveness of these instruments in a zero-interest rate environment is increasingly being called into question. In any event, given the potential financial stability risks arising from the low-interest rate environment, developments in the financial sector must continue to be monitored carefully. Moreover, the valuation of equity markets continues to be historically high, especially in the United States, and the debt level has increased further in recent years, especially in the non-financial corporate sector, which was already heavily indebted. These factors can further worsen any global recession.

The reaction of the financial markets to the economic downturn and the easing of monetary policy since the beginning of the year clearly demonstrates how heavily the financial markets are depending on loose monetary policy. The fact that the price recovery is mainly due to monetary easing, paradoxically triggered by weaker growth prospects, makes the risks of current valuations especially clear.

Liechtenstein financial centre

In a difficult environment with lower global growth and persistently high regulatory pressure, the Liechtenstein financial centre – with its strong international linkages – developed well in 2019.

The assets under management of Liechtenstein banks, including foreign group companies, increased by 4% year-on-year, reaching CHF 305.2 billion at the end of 2018. Net inflows of new money in the amount of CHF 33.4 billion contributed to this. Banks generated income totalling CHF 579 million in 2018 (previous year: CHF 575 million). The fund sector recorded slight declines in fund volume. Net assets under management fell to CHF 50.4 billion (previous year: CHF 53 billion). The assets under management of the asset management companies also fell by 5% to CHF 38.7 billion.

The total premium income of the insurance undertakings in 2018 amounted to CHF 5.42 billion (previous year: CHF 5.12 billion). Of the premiums written, CHF 3.02 billion (56%) are attributable to non-life insurance, CHF 2.34 billion (43%) to life insurance, and CHF 0.06 billion (1%) to reinsurance. Non-life insurance recorded a significant increase in premiums. Compared with the previous year, the premium income in non-life insurance increased by CHF 0.33 billion (12.3%). This development is mainly attributable to the establishment of new non-life insurance undertakings in Liechtenstein.

At the end of 2018, 18 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 7.12 billion at the end of 2017, representing approximately 112% of Liechtenstein's GDP. At the end of 2018, the average funding ratio according to the second half-yearly report was 102.0%. The five pension funds licensed in Liechtenstein received about CHF 64.4 million in premiums in 2018.

The FMA continues to note a high level of interest on the part of FinTech companies to become active in Liechtenstein. In 2018, the FMA processed a total of 255 enquiries relating to FinTech (previous year: 101). Most enquiries concerned business models involving virtual currencies – in particular initial coin offerings (ICOs) – as well as exchange offices, trading venues for virtual currencies, and digital e-money and payment service solutions.

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, branches, and representative offices, particularly in Asia. At the end of 2018, 14 banks operated in Liechtenstein (previous year: 15).

Assets under management of banks (Liechtenstein banks including foreign group companies) amounted to CHF 305.2 billion at the end of 2018 (previous year: CHF 294.3 billion). Of that amount, banks in Liechtenstein managed CHF 159.1 billion or 52% (previous year: CHF 168.9 billion). This means that for the first time, consolidated assets under management reached more than CHF 300 billion.

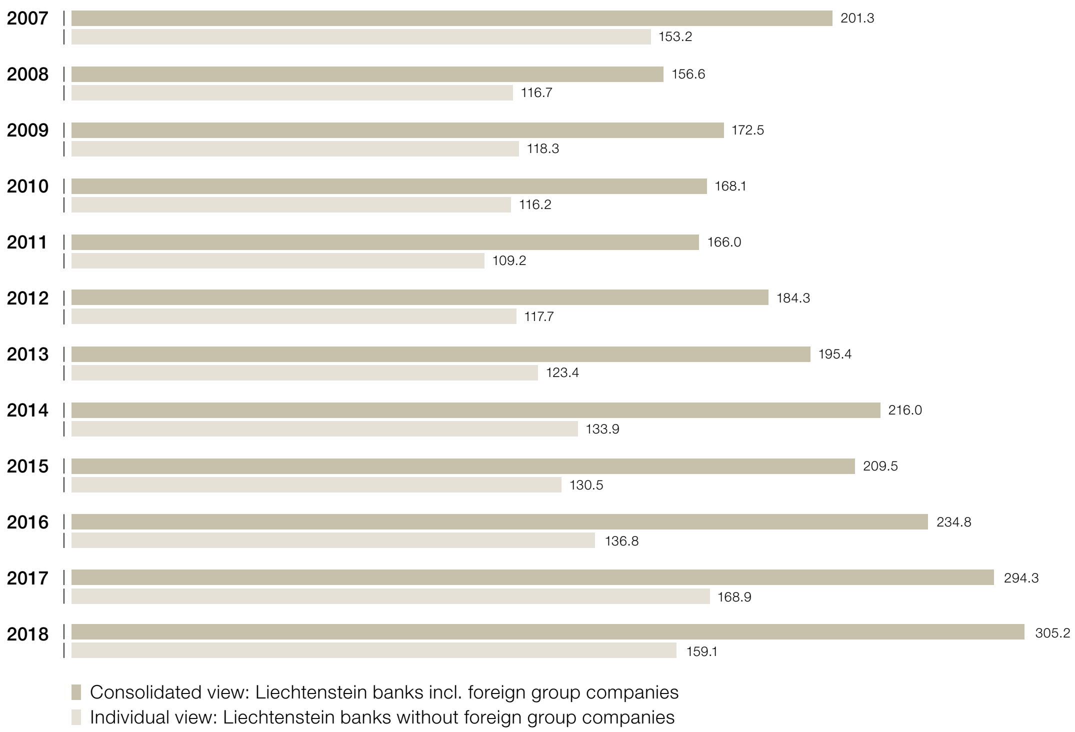


Figure 3
Assets under management (in CHF billion)

The net inflow of new money of Liechtenstein banks, including foreign group companies (and including acquisitions), was about CHF 33.4 billion in 2018 (previous year: CHF 40.1 billion). Liechtenstein banks accounted for CHF 3.7 billion of that amount (previous year CHF 17.6 billion). There are major differences among the individual banks.

Earnings before tax (EBT) on a consolidated basis (Liechtenstein banks including foreign group companies) remained stable compared with the previous year at CHF 579.2 million (previous year: CHF 575.3 million). The cost/income ratio of Liechtenstein banks including foreign group companies rose to 72.1% (previous year: 69.6%).

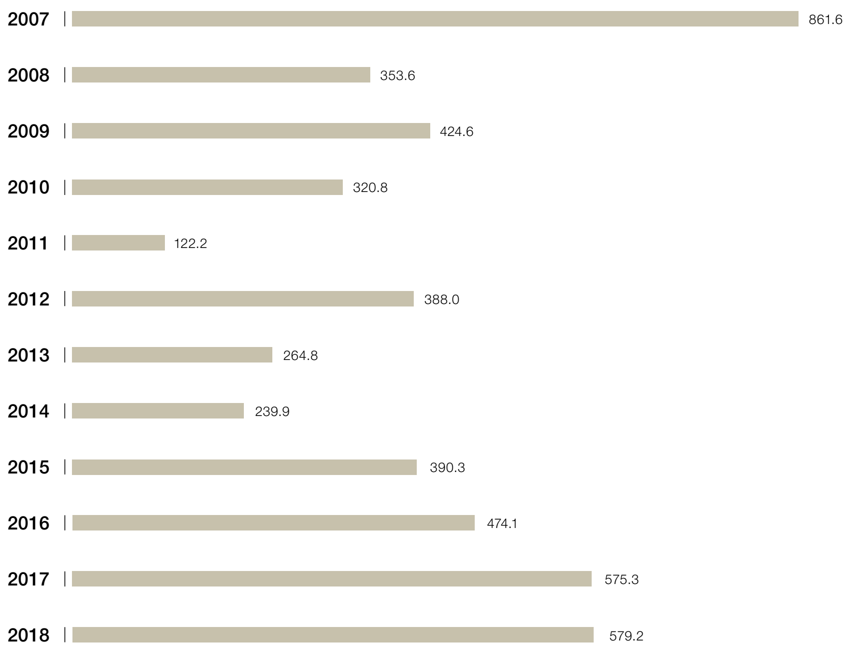


Figure 4
Earnings before tax (EBT) of Liechtenstein banks incl. foreign group companies (in CHF million)

The balance sheet total of Liechtenstein banks, including foreign group companies, rose to CHF 86.3 billion at the end of 2018 (previous year: CHF 82.4 billion). Consolidated across all banks, liabilities to clients amounted to 76.7% of the balance sheet total or CHF 66.2 billion (previous year: CHF 64.7 billion).

On a consolidated basis, the weighted Tier 1 capital ratio across all banks was 18.8% at the end of 2018 (previous year: 20.7%). The Tier 1 ratio of the Liechtenstein banking centre is higher than the international average, despite the decline. The strong capitalisation is also confirmed by the leverage ratio. In 2018 it was 7.1% (previous year: 7.5%) and thus significantly higher than the ratio of 3% under 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 2018, the number of full-time equivalent jobs at Liechtenstein banking institutions was about 2,716 (previous year: 2,435).

In Liechtenstein, four e-money institutions (previous year: 2) and one 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.

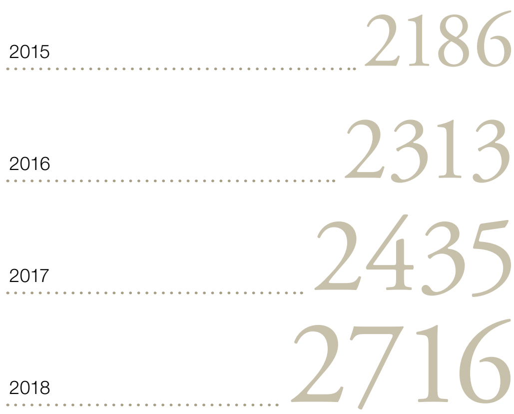


Figure 5
Number of jobs at banks in Liechtenstein without foreign group companies

Great importance of the financial sector for the Liechtenstein economy

The Liechtenstein financial sector is strongly diversified with extensive international linkages. After industry and manufacturing, it is the largest sector of the Liechtenstein national economy and thus of exceptional importance. About 9.3% of all persons employed in Liechtenstein work in the area of financial and insurance services, and another 7.3% in legal and tax consultancy or auditing. In total, 6,639 people worked in the financial sector at the end of 2017, which corresponds to about 17% of all employees.

Gross value added by economic sector
In 2016, the Liechtenstein financial sector generated gross value added of CHF 1.4 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 106 million in the 2016 tax year.

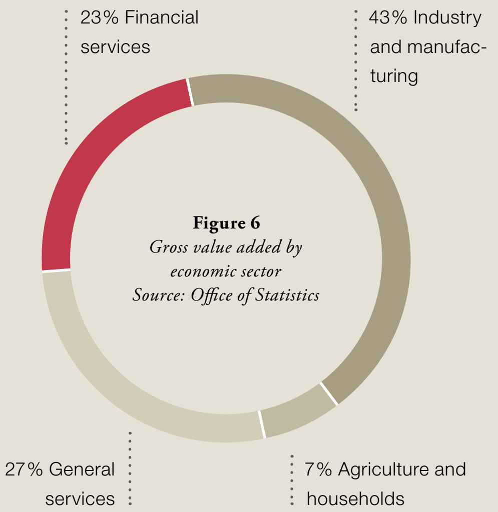


Figure 6
Gross value added by economic sector
Source: Office of Statistics

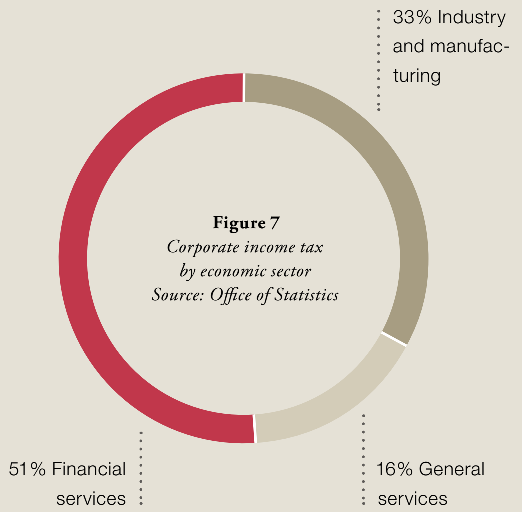


Figure 7
Corporate income tax by economic sector
Source: Office of Statistics

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 authorised Liechtenstein funds rose by 9 to 489 funds at the end of 2018 (previous year: 480). A fund may consist of one or more sub-funds. At the end of 2018, 710 single funds or sub-funds were authorised (previous year: 683).

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 a risk manager under the AIFM Act (AIFMG) and two selling agents under the AIFMG. They employed a total of 230 people (previous year: 225).

The fund volume fell slightly compared with the previous year. Net assets under management fell to CHF 50.42 billion at the end of 2018 (previous year: CHF 53.07 billion).

The number of foreign funds authorised for distribution in Liechtenstein rose to 359 (previous year: 291) and that of the sub-funds authorised for distribution to 1,545 (previous year: 1,327).

2013	779
2014	735
2015	714
2016	695
2017	683
2018	710

Figure 8
Development of number of sub-funds

2013	38.4
2014	46.2
2015	45.2
2016	46.0
2017	53.1
2018	50.4

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

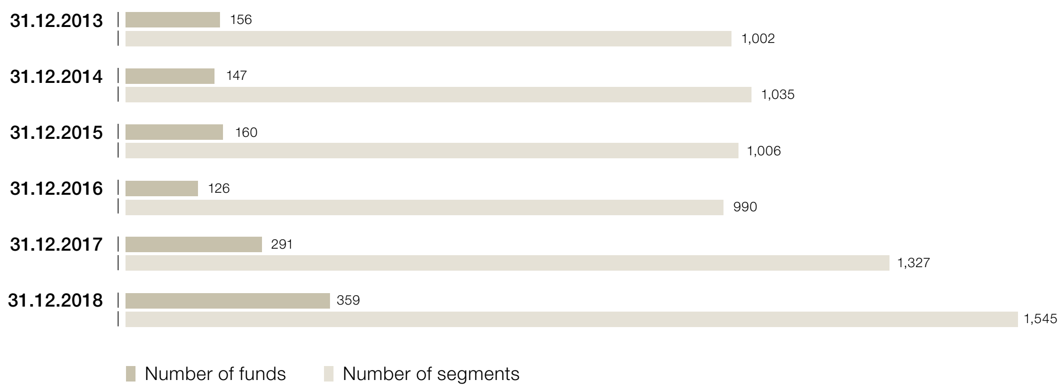


Figure 10
Number of authorised foreign funds

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 2018, 109 asset management companies held licences in Liechtenstein (previous year: 109). The asset management companies had a total of 9,608 client relationships at the end of 2018, of which 7,440 included an asset management mandate. The assets under management of the companies fell by about 5% to CHF 38.74 billion, of which CHF 23.9 billion or 62% (previous year: CHF 26.0 billion or 64%) were invested at Liechtenstein banks. The asset management companies employed a total of 676 people (previous year: 664).

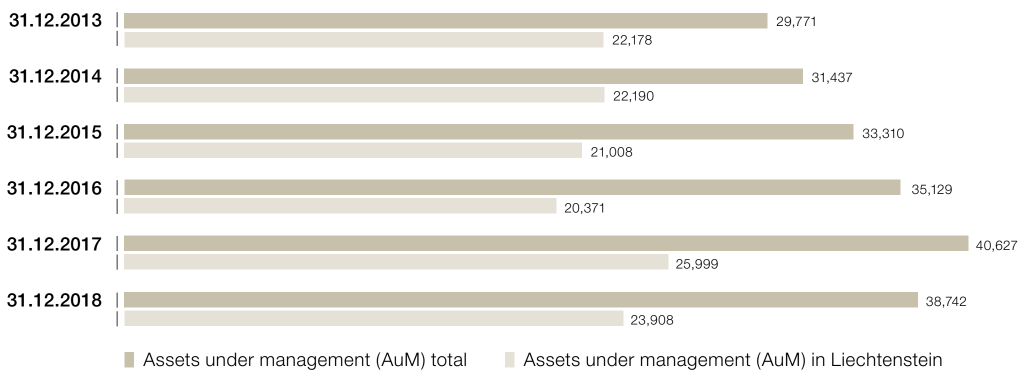


Figure 11
Development of assets under management of asset management companies (in CHF million)

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 fund-linked/unit-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 2018, 20 life, 15 non-life, and 3 reinsurance undertakings operated with registered offices in Liechtenstein. 8 undertakings operated as captives, 5 of which as direct insurers and 3 as reinsurers.

	2012	2013	2014	2015	2016	2017	2018
Non-life insurers	14	15	15	17	16	15	15
Life insurers	22	22	22	21	20	20	20
Reinsurers	5	5	5	3	3	3	3
Total licences	**41**	**42**	**42**	**41**	**39**	**38**	**38**

Figure 13
Number of insurance undertakings

In 2018, premium income of the non-life insurance undertakings again exceeded the premium income of the life insurance undertakings. 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 2018 fiscal year amounted to CHF 5.42 billion, an increase of approximately 5% over 2017. Of the premiums written, CHF 3.02 billion (56%) are attributable to non-life insurance, CHF 2.34 billion (43%) to life insurance, and CHF 0.06 billion (1%) to reinsurance.

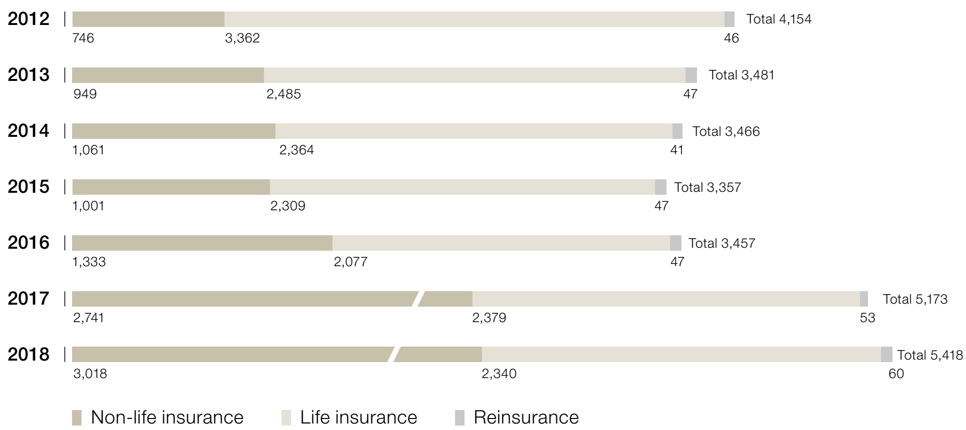


Figure 14
Development of gross premiums written of insurance undertakings (in CHF million)

According to provisional reports, the balance sheet total of all insurance undertakings domiciled in Liechtenstein amounted to approximately CHF 29.5 billion at the end of 2018 (previous year: CHF 31.3 billion).

According to provisional reports, the capital managed as part of fund-linked/unit-linked life insurance for the account and risk of policyholders was CHF 21.8 billion at the end of 2018.

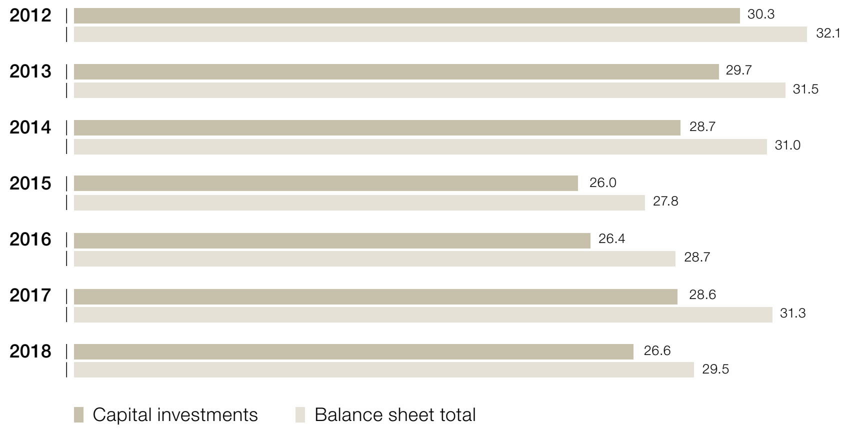


Figure 15
Development of balance sheet and capital investments of insurance undertakings (in CHF billion)

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 2018, all Liechtenstein insurance undertakings fulfilled the solvency capital requirements, with the exception of two companies. In those two cases, the shortfall was eliminated by a capital increase in January 2019 and a recovery plan set up by the FMA. The solvency ratio at the end of 2018 ranged between 138% and 442% for the mid 80% of companies. The highest solvency ratios in Liechtenstein were all achieved by 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 changed only minimally.

Insurance undertakings employed a total of 971 people at the end of 2018 (previous year: 867).

Cross-border provision of services

A total of 13 foreign insurance undertakings maintained a dependent branch in Liechtenstein at the end of 2018. 11 of these had their registered offices in Switzerland. In addition, at the end of 2018, 392 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 2017 were Italy (15.4% of gross premiums written), Switzerland (13.1%), Germany (13.0%), and Ireland (12.6%).

United Kingdom	162
Germany	674
Italy	798
Liechtenstein	23
Austria	65
Ireland	651
Other EEA states	634
Switzerland	675
Other third countries	1491

Figure 16
Gross premiums written in 2017 by country (in CHF million)

In the 2017 fiscal year, the gross premiums generated in Switzerland amounted to CHF 300.3 million. The largest share of premiums was generated in the insurance class of sickness (30%), followed by general liability (21%) and accident (20%). Of the total of CHF 300.3 million, CHF 74.6 million (25%) was attributable to captives.

In life insurance, gross premiums earned in Switzerland amounted to about CHF 323.4 million in the 2017 fiscal year. About 56% of gross premiums were generated in the insurance class of life insurance, while 41% were attributable to unit-linked/fund-linked insurance and 3% to capital redemption insurance.

Compulsory building insurance

At the end of 2017, 11 insurance undertakings offered compulsory building insurance in Liechtenstein.

The fire insurance sum at the end of 2017 was CHF 19.6 billion for buildings, CHF 2.0 billion for household effects, and CHF 4.5 billion for other moveable objects. In total, the fire insurance sum in 2017 amounted to CHF 26.1 billion (previous year: CHF 25.6 billion).

Premium income for fire insurance in 2017 was CHF 9.8 million. Premiums for compulsory building insurance totalled CHF 20.1 million in 2016. This stands in relation to claims payments amounting to CHF 3.9 million (CHF 3.6 million for fire damage and CHF 0.3 million for damage from natural hazards).

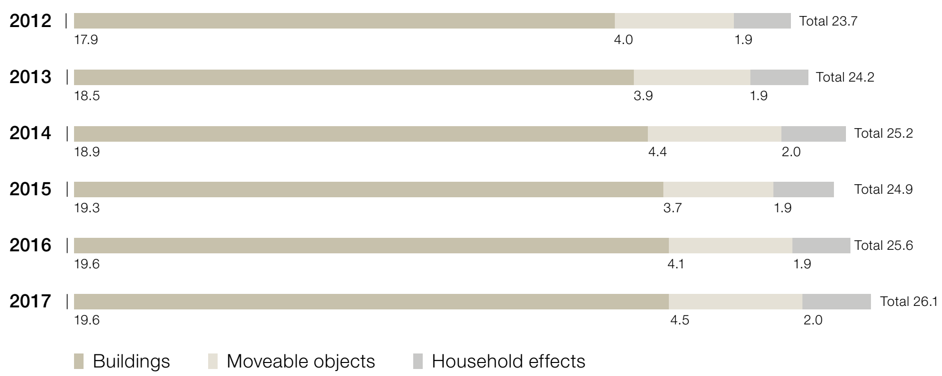


Figure 17
Fire insurance sum of Liechtenstein buildings (in CHF billion)

Growth in the banking sector

The client assets under management of the banks exceed the 300 billion mark for the first time.

CHF 157 Mrd.
2008

CHF 305 Mrd.
2018

Consolidated assets under management (Liechtenstein banks incl. foreign group companies)

2018 CHF 579 Mio.

2016 CHF 474 Mio.

2011 CHF 122 Mio.

2007 CHF 862 Mio.

Recovery in earnings

Following a slump caused by the global financial and economic crisis, bank earnings have risen again in recent years.

Consolidated earnings before tax (EBT) (incl. foreign group companies)

Strong fund sector

Thanks to its stability and international compatibility, the Liechtenstein fund centre offers attractive conditions for fund providers and their products. At the end of 2018, 710 sub-funds were authorised in Liechtenstein.

CHF 38.4 Mrd.
2013

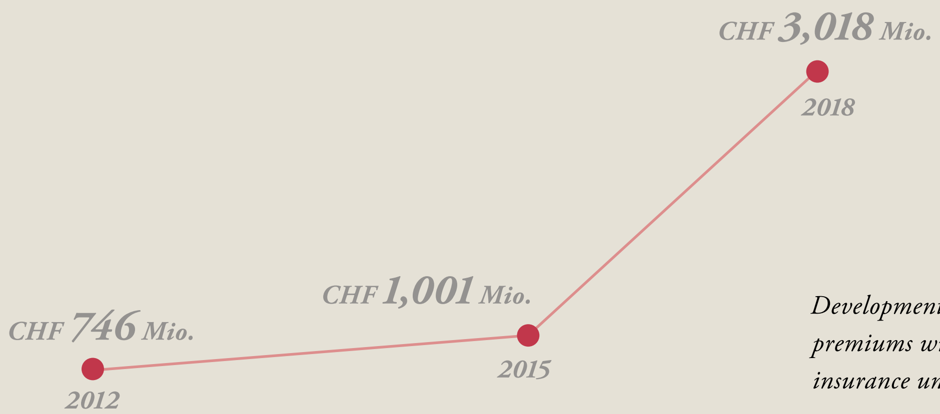
CHF 46.0 Mrd.
2016

CHF 50.4 Mrd.
2018

Net assets under management of the funds

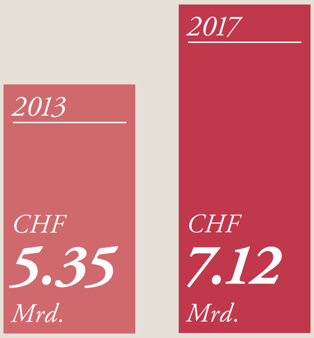
Strong growth in non-life insurance

Non-life insurance has grown strongly in recent years. This development is mainly due to the establishment of new non-life insurance undertakings in Liechtenstein. Premium income of non-life insurance companies exceeded the 3 billion mark in 2018.



Development of gross premiums written of non-life insurance undertakings

High assets in occupational pension provision



At the end of 2017, the total assets of occupational pension schemes and the amounts held in vested benefits accounts amounted to CHF 7.12 billion.

These assets represent approximately 112% of Liechtenstein's gross domestic product. This underscores the great importance of the second pillar of the Liechtenstein system of retirement provision.

Assets of occupational pension schemes and the amounts on vested benefits accounts

Insurance intermediaries

At the end of 2018, the FMA supervised a total of 56 licensed and registered insurance intermediaries, of which 51 were legal persons, 3 sole proprietorships, and 2 natural persons. Of the 56 registered insurance intermediaries, 46 worked as insurance brokers and 10 as insurance agents.

On 1 October 2018, the new Insurance Distribution Act (VersVertG) entered into force. The requirements for insurance mediation and insurance advice have thereby been increased. The new rules also apply to insurance undertakings, provided that they work in direct insurance distribution. The aim of the increased duties is stronger customer protection.

According to the annual reports for the 2017 fiscal year, the gross income generated by insurance mediation totalled CHF 28.24 million, of which approximately 64% (CHF 18.11 million) was generated in non-life insurance, approximately 36% (CHF 10.06 million) in life insurance, and a small amount (CHF 79,715) in reinsurance.

	2013	2014	2015	2016	2017	2018
Brokers	57	52	59	57	53	46
Agents	10	11	10	11	11	10
Total licences	**67**	**63**	**69**	**68**	**64**	**56**

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.

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 2018, 18 pension schemes in Liechtenstein (previous year: 21) were under the supervision of the FMA. These were 6 collective foundations and 12 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 2018, the average funding ratio according to the second half-yearly report was 102.0%. The range was between 92.8% and 120.0%.

As of 31 December 2017, the number of beneficiaries was 40,866, of whom 35,784 (88%) were active insured persons and 5,082 (12%) were pensioners.

In 2017, 29,299 (72%) of insured persons (active insured persons and pensioners) were insured through collective foundations and 11,567 (28%) through company foundations.

Occupational pension provision is funded by employer and employee contributions as well as interest and deposits. In 2017, total contributions made to pension schemes amounted to CHF 440.5 million, of which 46% came from employers and 36% from employees. This amount was supplemented by special and other contributions as well as deposits to employer contribution reserves, making up 18% of contribution income.

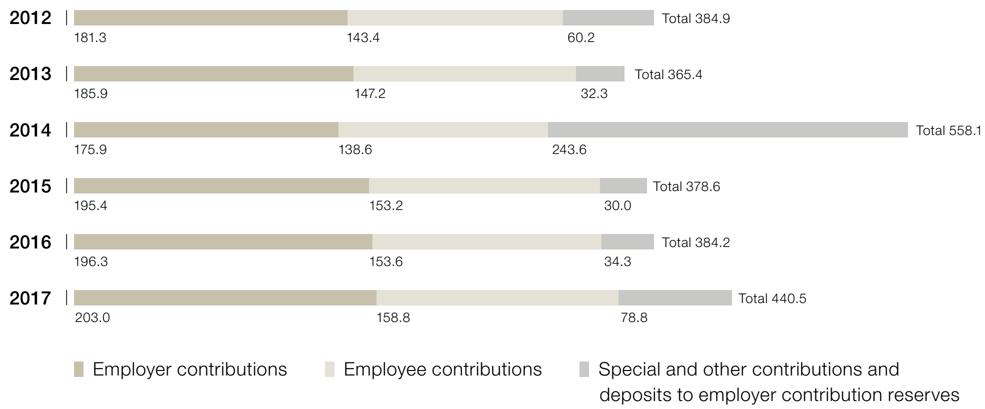


Figure 19
Development of employer and employee contributions (in CHF million)

The benefits of pension schemes under their own rules may far exceed the legal minimum. In 2017, Liechtenstein pension schemes paid benefits under their own rules totalling CHF 186.7 million. Old age pensions at 46.5% or CHF 86.8 million accounted for the largest share of benefits. Capital payments upon retirement made up 34.6% or CHF 64.5 million. The pension schemes paid contributions totalling CHF 15.2 million (8.1%) for benefits from disability pensions and pensions for children of persons with disabilities, as well as CHF 14.6 million (7.8%) for benefits from widow's, widower's, and orphan's pensions. Capital benefits in the event of death and disability as well as other benefits under the pension schemes' own rules amounted to CHF 5.6 million (3.0%).

Pension capital and technical provisions amounted to CHF 6.03 billion as of 31 December 2017 (previous year: CHF 5.63 billion). The total assets of the pension schemes and the amounts held in vested benefits accounts amounted to CHF 7.12 billion at the end of 2017, corresponding to about 112% 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 rose slightly in 2017. On average, they were credited an annual interest of 1.5%, compared with 1.3% in the previous year.

2012	4.75
2013	4.97
2014	5.28
2015	5.49
2016	5.64
2017	6.03

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 (2016: 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.

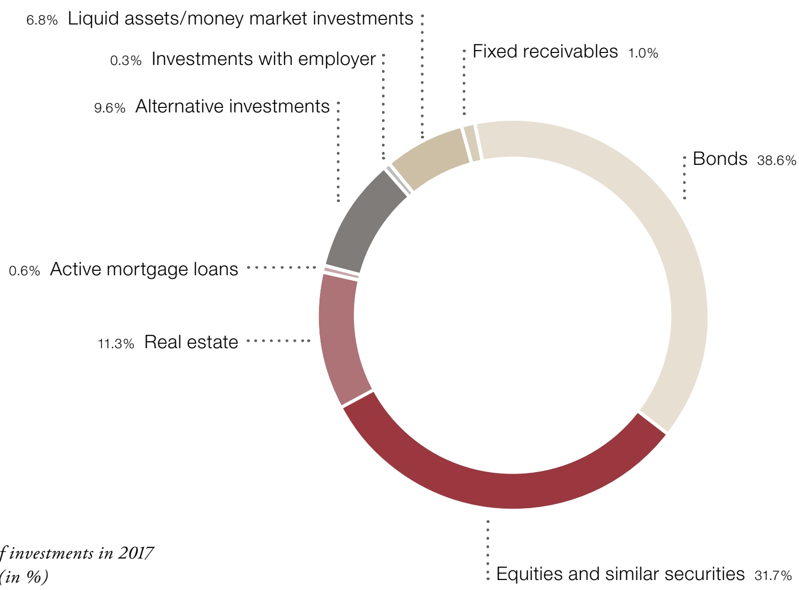


Figure 21
Breakdown of investments in 2017 by asset class (in %)

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. The Pension Funds Act was revised in 2018 on the basis of Directive (EU) 2341/2016 and entered into force on 13 January 2019.

At the end of 2018, the FMA supervised 4 pension funds (previous year: 5). Of these, 3 were engaged in cross-border activities in the EEA and in third countries. Liechtenstein is one of eight European locations (besides Austria, Belgium, Germany, Ireland, Luxembourg, Malta, and the United Kingdom) in which cross-border pension funds have their registered offices.

Provisional reports indicated that CHF 64.4 million in gross premiums were earned in the 2018 fiscal year (previous year: 82.3 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 2018, the number of persons holding a licence under the Professional Trustees Act was 395 (previous year: 394). This figure includes 152 professional trustees (previous year: 147) and 243 trust companies (previous year: 247).

	2015	2016	2017	2018
Professional trustees	115	139	146	152
Trust companies	263	257	250	243
TOTAL	**378**	**396**	**396**	**395**

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 180a Act at the beginning of 2014, stronger oversight by the supervisory authority was instituted. At the end of 2018, 211 persons held a licence under the 180a Act (previous year: 213).

	2015	2016	2017	2018
Persons with a licence under the 180a Act	226	218	215	211

Figure 23
Persons under the 180a Act

Auditors and audit firms

As of 31 December 2018, the number of persons holding a licence under the Auditors Act (WPRG) was 133 (previous year: 133). These include auditors (43), auditors engaged in the free movement of services (40), 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.

	2015	2016	2017	2018
Auditors	37	40	45	43
Audit firms	28	28	28	28
Auditors engaged in free movement of services	40	39	38	40
Audit firms engaged in free movement of services	18	18	18	18
Auditors established in Liechtenstein	4	3	4	4
TOTAL	**127**	**128**	**133**	**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.

At the end of 2018, 6 patent lawyers and 3 patent law firms held licences under the Patent Lawyers Act (PAG).

	2015	2016	2017	2018
Patent lawyers	7	7	7	6
Patent law firms	3	3	3	3
TOTAL	**10**	**10**	**10**	**9**

Figure 25
Patent lawyers and patent law firms

Casinos

At the end of 2018, 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 obligations serve to prevent and combat money laundering. 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. This supervisory function serves to combat money laundering.

ANNEX

Financial intermediaries and products supervised by the FMA

Financial market participants and products supervised by the FMA	2017	2018	Licences issued in 2018	Market exits in 2018
Banking Division				
Banks	15	14	0	1
Investment firms	1	1	1	1
Payment institutions	0	0	0	0
Liechtenstein Postal Service	1	1	–	–
External auditors under the Banking Act	5	5	0	0
E-money institutions	3	4	1	0
Securities and Markets Division				
Asset management companies	109	109	3	3
IUG				
Active management companies (MCs)	11	5	1	7
Domestic investment funds 2005	143	26	0	117
Domestic investment funds 2015	5	9	6	2
Foreign investment funds (AIF and UCITS)	291	359	107	39
Audit firms (only under IUG)	10	0	0	10
Audit firms (only under IUG 2015)	3	6	3	0
UCITSG				
Active management companies (MCs)	12	12	0	0
UCITS	221	223	17	15
Audit firms	10	11	1	0
AIFMG				
Large AIFMs	13	14	1	0
Small AIFMs	0	0	0	0
Administrators	0	0	0	0
Risk managers	1	1	0	0
Selling agents	2	2	0	0
AIFs	111	231	137	17
Audit firms	10	10	0	0
Insurance and Pension Funds Division				
Insurance undertakings	38	38	2	2
External auditors under the VersAG	10	10	0	0
Insurance intermediaries	64	57	1	8
Pension schemes	21	18	0	3
External auditors under the BPVG	14	14	0	0
Pension insurance experts under the BPVG	18	18	0	0
Pension funds	5	4	0	1
Other Financial Intermediaries Division				
Professional trustees	147	152	8	3
Trust companies	247	243	6	10
Auditors	45	43	42*	4
Auditors established in Liechtenstein	4	4	2*	0
Audit firms	28	28	0	0
Patent lawyers	7	6	0	0
Patent law firms	3	3	0	0
Persons with a licence under the 180a Act	213	211	13	15
Casinos	0	2	2	0

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

* now including auditors licensed under the SPG

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	2017	2018
Banking Division		
Free movement of services of EEA banks	241	249
Free movement of services of EEA investment firms	2,070	2,110
Free movement of services of EEA payment institutions	314	312
Free movement of services of e-money institutions	143	179
Free movement of services of EEA-regulated markets	16	16
Branches of EEA investment firms	1	1
Insurance and Pension Funds Division		
Free movement of services of EEA and Swiss insurers	364	392
Branches of Swiss insurers	10	11
Branches of EEA insurers	3	2
Securities and Markets Division		
Free movement of services of EEA investment undertakings	280	348
Free movement of services of EEA management companies	19	22
Investment undertakings with third-country market authorisation	11	11
Other Financial Intermediaries Division		
Auditors engaged in free movement of services	38	40
Audit firms engaged in free movement of services	18	18
Patent lawyers engaged in free movement of services	0	2

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

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