

2021 edition

LIECHTENSTEIN  
FINANCIAL CENTRE



**FMA**

Financial Market Authority  
Liechtenstein



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## Liechtenstein Financial Centre

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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. The financial centre is highly diversified with its banking sector, insurance industry, fund sector, and fiduciary industry. 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 combines tradition with innovation. Liechtenstein promotes innovation in the financial services sector with entrepreneur-friendly conditions. The Financial Market Authority's Regulatory Laboratory serves as a contact point for financial service providers and FinTechs.

### 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 the stability of the financial centre. 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.

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### ONE-STOP SHOP

*13 banks, 4 electronic money institutions  
36 insurance undertakings  
522 funds and 16 management companies  
102 asset management companies  
147 professional trustees and  
245 trust companies, 17 pension schemes  
3 pension funds, 10 TT Service Providers*

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## Lending | Payment services | Insurance

During the Covid-19 pandemic, the financial sector demonstrated stability and was fully functional at all times, proving itself once again to be a high-performing and stabilising partner of the real economy. The Liechtenstein national economy exhibited a very high level of resilience even during the pandemic.

**21.7%**

*CET1 capital ratio*

*The capitalisation of banks continued to increase during the pandemic year and is significantly higher than the average in the European Union.*

**CHF 365.4 billion**

*The assets under management of the Liechtenstein banks, including foreign group companies, rose by 4.5% in 2020.*

**CHF 5.54 billion**

*is the premium income earned by Liechtenstein insurers in 2020. With direct market access to the European Economic Area and Switzerland, Liechtenstein is an attractive insurance centre.*

## Blockchain and co.

By the end of 2020, 10 undertakings for 24 services were registered under the [Token and TT Service Provider Act \(TVTG\)](#). The TVTG defines the legal requirements for providing services on TT systems such as blockchains, creating legal certainty for providers and clients.

**10** *undertakings for*  
**24** *services*

## 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. About 10% of all persons employed in Liechtenstein work in financial and insurance services, and another 7% in legal and tax advice or auditing. In total, 6835 people worked in the financial sector at the end of 2019, which corresponds to more than 17% of all employees.

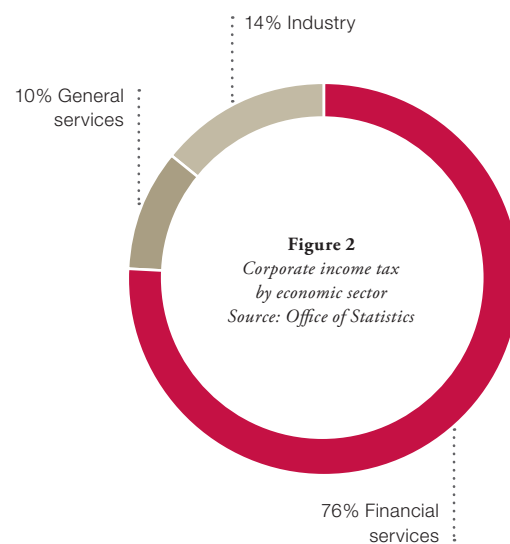
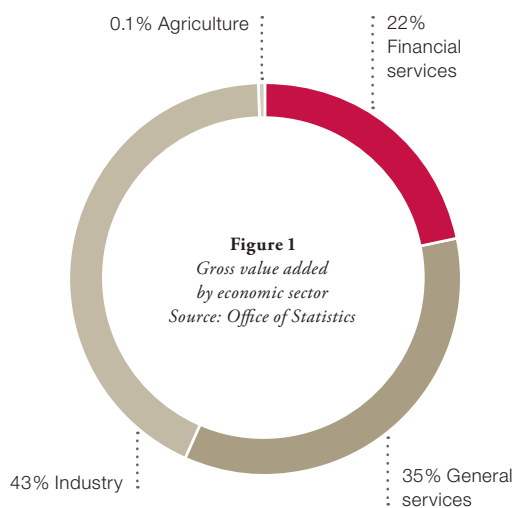
### Gross value added by economic sector

In 2018, the Liechtenstein financial sector (provision of financial and insurance services, legal and tax advice, and auditing) generated gross value added of

CHF 1.424 billion. This means that 22% of value added in Liechtenstein is generated in the financial sector. The industrial sector generates CHF 2.733 billion per year, making the largest contribution to GDP among all sectors at nearly 43%.

### 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 391 million<sup>1</sup> in the 2018 tax year.



<sup>1</sup> The 2018 tax year included a special effect leading to significantly higher revenue from the corporate earnings tax in the financial services sector. The average in the preceding three years was CHF 90.5 million.

## Development of the financial centre

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The Liechtenstein financial centre reported good results in 2020 despite the extraordinary conditions, and it remains on a growth path. The capitalisation of the banks continued to rise and is significantly higher than the EU average. The financial sector was fully functional during the Covid-19 pandemic and provided important services for the real economy, such as in payment services and lending.

The assets under management of the Liechtenstein banks, which specialise primarily in private banking and international wealth management, increased by 4.5% from CHF 349.8 billion to CHF 365.4 billion at the consolidated level as of the end of 2020, following a decline in the first half of the year due to the financial market correction. The increase was due mainly to net new money of CHF 17.7 billion. Earnings before tax for the banking sector was CHF 543.4 million. Although earnings were accordingly somewhat lower than in the previous year (CHF 639.5 million), the decline was – in light of the pandemic – limited, especially compared with other countries.

Development of the fund sector was stable. The fund volume at the end of the year was CHF 59.1 billion, compared with CHF 58.8 billion in the previous year. Assets under management at asset management companies increased by 6% in 2020 to CHF 53.0 billion.

At insurance undertakings, premium income in 2020 was CHF 5.54 billion, as in the previous year. Of the premiums written, non-life insurance accounted for CHF 3.18 billion, life insurance for CHF 2.28 billion, and reinsurance for CHF 76 million. Premium income in non-life insurance grew by 3.6%, while it fell in life insurance by 5.4%.

At the end of 2020, 17 occupational pension schemes in Liechtenstein were under the supervision of the FMA. The provisional average funding ratio was 114% as of the end of 2020. Total assets amounted to CHF 7.46 billion as of the end of 2019. Additionally, three pension funds licensed in Liechtenstein provided services in the European Economic Area (EEA) and in third countries.

At the beginning of 2020, the Token and TT Service Provider Act (TVTSG) entered into force. The TVTSG defines the legal requirements for providing services on TT systems. TT systems are transaction systems (such as blockchains) based on trustworthy technologies, making a wide range of economic services possible. At the end of 2020, 10 undertakings for 24 services were registered under the TVTSG.

### Banking sector

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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.

According to provisional reporting, assets under management at the 13 banks (Liechtenstein banks including foreign group companies) amounted to CHF 365.4 billion at the end of 2020. Of that amount, CHF 179.2 billion or 49% is attributable to the banks in Liechtenstein. The net new money of Liechtenstein banks including foreign group companies (including acquisitions) amounted to approximately CHF 17.7 billion in 2020 (CHF 5.5 billion of which in Liechtenstein).

The balance sheet total of the Liechtenstein banks, including foreign group companies, amounted to CHF 94.7 billion at the end of 2020 (CHF 73.7 billion of which in Liechtenstein). The number of full-time equivalent positions at Liechtenstein banking institutions at the bank level was 2166.

The CET1 capital ratio of the entire banking sector at the consolidated level was 21.7% at the end of 2020. Capitalisation is thus significantly higher than the EU average and further improved over the past year.

Four electronic money institutions were licensed in Liechtenstein as of December 2020. Electronic money institutions issue electronically stored monetary assets with which payment transactions can be executed. Prepaid cards are an example.

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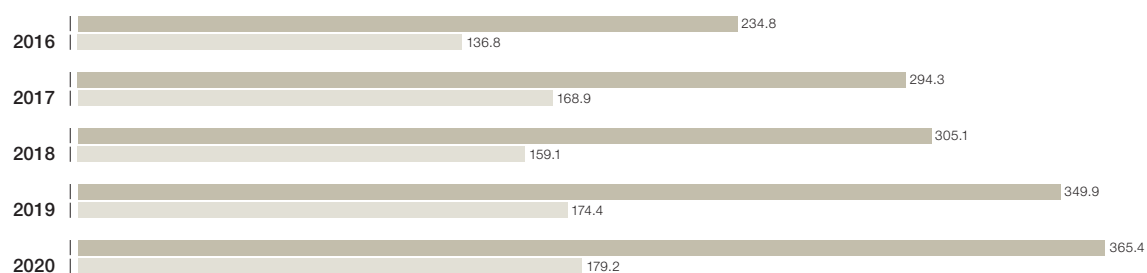
#### FINANCIAL STABILITY REPORT

*In November 2020, the FMA published the third edition of the [Financial Stability Report](#) on the stability of the financial sector. The report is one of the FMA's contributions to safeguarding financial stability.*

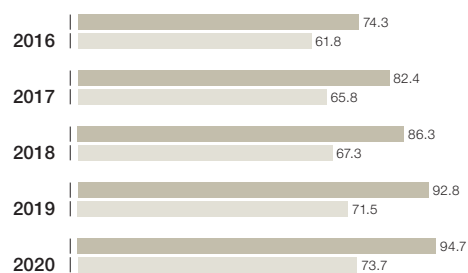
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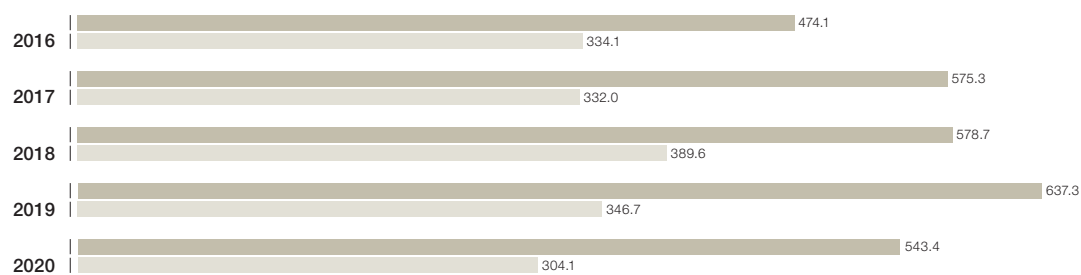
■ Consolidated view: Liechtenstein banks incl. foreign group companies  
 ■ Individual view: Liechtenstein banks without foreign group companies



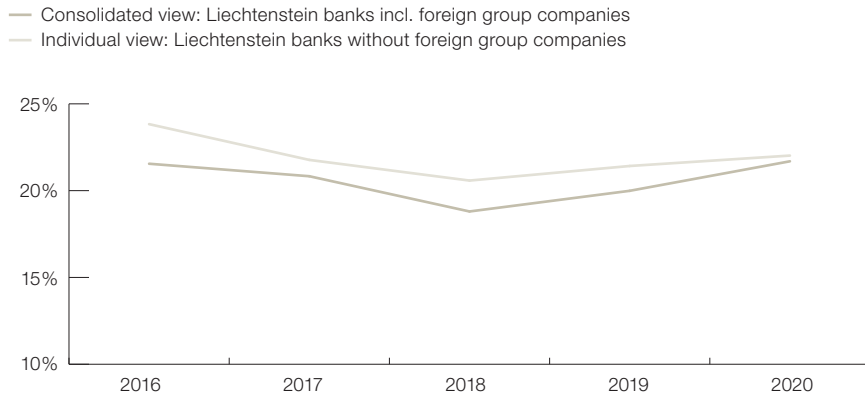
**Figure 3**  
*Assets under management (in CHF billion)*



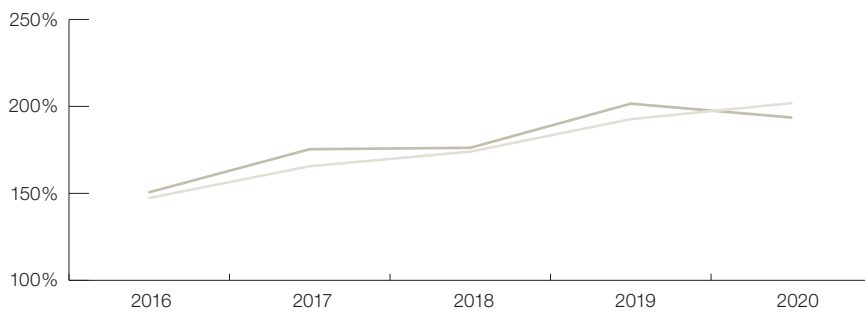
**Figure 4**  
*Balance sheet total (in CHF billion)*



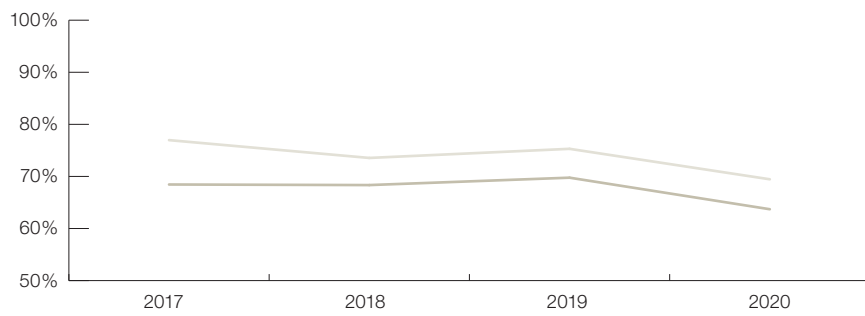
**Figure 5**  
*Earnings before tax (EBT)  
 of the Liechtenstein banks (in CHF million)*



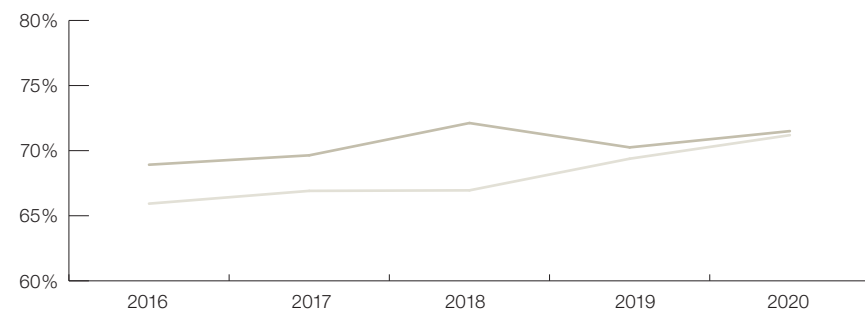
**Figure 6**  
 CET1 ratio of Liechtenstein banks (in % of risk-weighted assets)



**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 %)

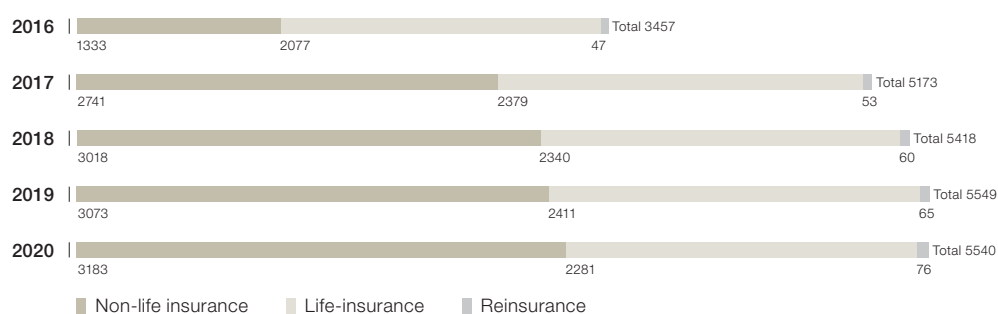
## Insurance and pension funds

### Insurance undertakings

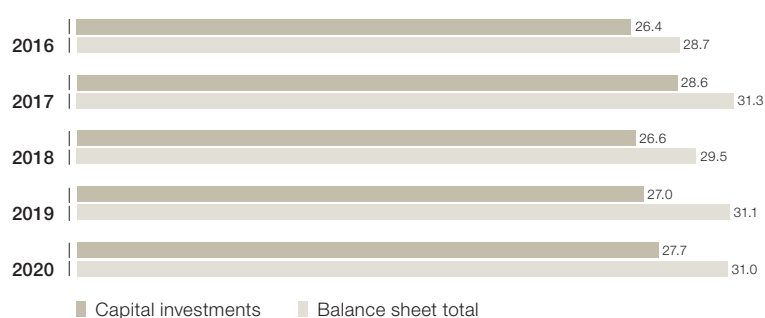
At the end of 2020, 19 life, 14 non-life, and 3 reinsurance undertakings were operating in Liechtenstein. The life insurance undertakings mainly offer fund-linked/unit-linked life insurance. Liechtenstein offers insurance undertakings direct market access to the countries of the European Economic Area and to Switzerland. The importance of the internationally

active non-life insurance undertakings has increased considerably in recent years. In terms of gross premiums written, they already dominate the Liechtenstein insurance market.

According to provisional reporting, the premium income of the insurance undertakings amounted to CHF 5.54 billion in the 2020 fiscal year. Of that amount, CHF 3.18 billion is attributable to non-life



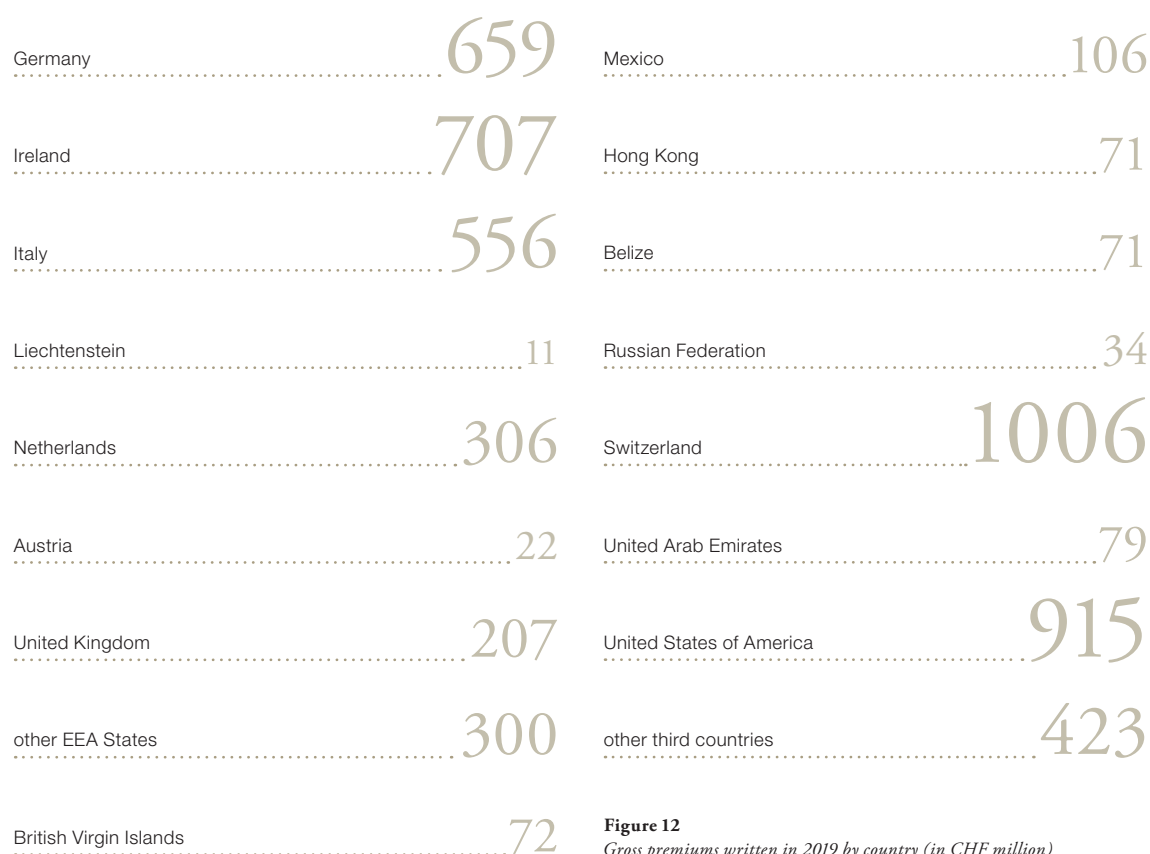
**Figure 10**  
Development of gross premiums written  
of insurance undertakings (in CHF million)



**Figure 11**  
Development of balance sheet total and capital investments  
of insurance undertakings (in CHF billion)

## INSURANCE AND PENSION FUNDS

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**Figure 12**  
Gross premiums written in 2019 by country (in CHF million)

insurance, CHF 2.28 billion to life insurance, and CHF 0.08 billion to reinsurance. The reinsurance undertakings operated as captives, i.e. company-owned insurance undertakings offering coverage of company insurance risks for the parent undertaking or the group.

According to provisional reporting, the balance sheet total of all insurance undertakings was CHF 31 billion at the end of 2020, and the capital managed as part of fund-linked/unit-linked life insurance for the account and risk of policyholders amounted to about CHF 22 billion.

The solvency ratio of the Liechtenstein insurance sector was approximately 190% at the end of 2020.

19 foreign insurance undertakings maintained a dependent branch in Liechtenstein at the end of 2020. 17 of these had their registered offices in Switzerland. In addition, at the end of 2020, 438 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.

At the end of 2019, 11 insurance undertakings offered compulsory building insurance. The fire insurance sum at the end of 2019 was CHF 20.34 billion for



**Figure 13**

*Solvency ratio of Liechtenstein insurance undertakings (in %)*

buildings, CHF 4.86 billion for household effects, and CHF 2.06 billion for other moveable objects. The premium income for fire insurance in 2019 amounted to CHF 9.2 million. Premiums for compulsory building insurance totalled CHF 19.9 million in 2019. This stands in relation to claims payments amounting to CHF 4.3 million.

### Pension schemes

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.

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### FACTS AND FIGURES

*Every autumn, the FMA publishes [Occupational Pension Provision in Liechtenstein](#), a brochure containing facts, figures, and expert contributions on the second pillar of pension provision.*

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At the end of 2019, pension schemes insured 43,330 persons, of which 37,828 were active insured persons and 5502 were pensioners. Total assets amounted to CHF 7.46 billion at the end of 2019. The average funding ratio was 113.5%. The provisional average funding ratio increased to 114% as of the end of 2020. The benefits paid out under the pension schemes' rules in 2019 amounted to CHF 217.5 million. Total contributions made to the pension schemes in the same year amounted to CHF 433 million. The average pension conversion rate of the pension schemes was 5.8% in 2019.

### 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. As of the end of 2020, three pension funds were approved in Liechtenstein. According to provisional reports, gross premiums in the 2020 fiscal year amounted to CHF 86 million.

## 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.

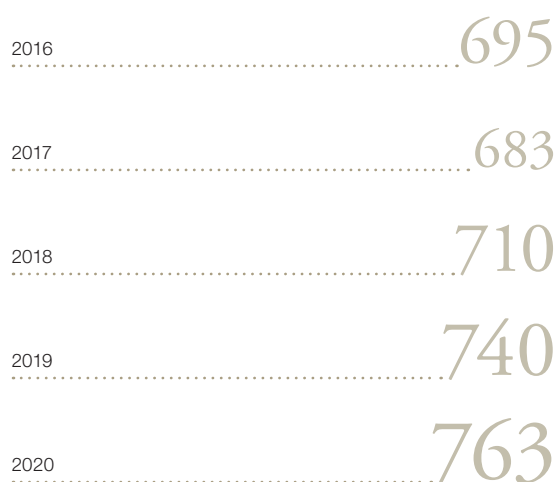
At the end of 2020, 522 Liechtenstein funds were licensed. A fund may consist of one or more subfunds. Also at the end of 2020, 295 single funds and 468 subfunds were licensed. Net assets under management amounted to CHF 59.1 billion at the end of 2020.

### NATIONAL ECONOMIC MONITOR

*As part of its macroeconomic supervision, the FMA makes assessments of the development of national economies, especially of international financial markets. It publishes these assessments four times a year in its [National Economic Monitor](#).*

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 two selling agents under the AIFMG. They employed a total of 230 people.

The number of foreign funds authorised for distribution in Liechtenstein was 572, and the number of subfunds authorised for distribution was 1872.



**Figure 14**  
*Development of number of single funds and subfunds*



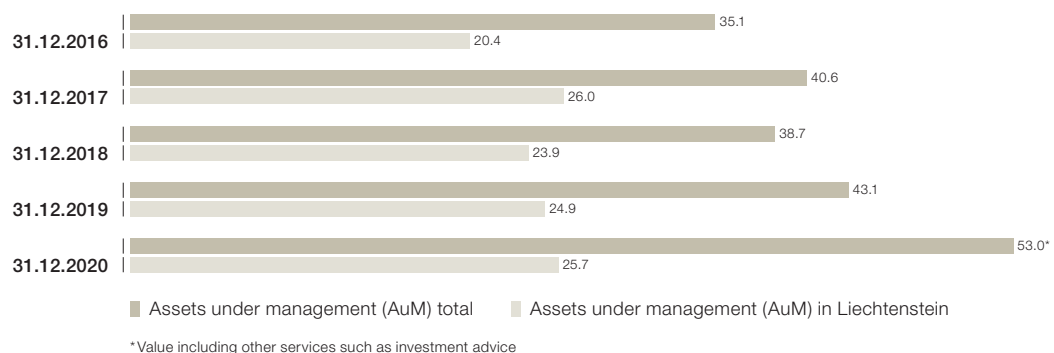
**Figure 15**  
*Development of fund volume (in CHF billion)*

## 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 2020, 102 asset management companies held licences in Liechtenstein. They had 9212 client relationships at the end of 2020, of which 7590 included an asset management mandate.

Total assets under management were CHF 53.0 billion. Asset management mandates accounted for CHF 45.7 billion of that amount and other services such as investment advice accounted for CHF 7.3 billion. CHF 25.7 billion was invested at Liechtenstein banks as of the end of 2020. The asset management companies employed a total of 633 people.



**Figure 16**  
 Development of assets under management of  
 asset management companies (in CHF billion)

## Fiduciary sector

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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 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.

As of the end of 2020, 147 professional trustees and 245 trust companies in Liechtenstein were licensed in those capacities. Additionally, 215 persons held a licence under the 180a Act at the end of 2020. The activities of persons licensed under the 180a Act include the assumption of board mandates under Article 180a of the Law on Persons and Companies Act (PGR).

	2016	2017	2018	2019	2020
Professional trustees	139	146	152	151	147
Trust companies	257	250	243	245	245

**Figure 17**  
*Professional trustees and trust companies*



## TT Service Providers

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At the end of 2020, 10 undertakings for 24 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 event-driven supervision.

## Financial intermediaries and products supervised by the FMA

Financial market participants and products supervised by the FMA	2019	2020	Licences issued in 2020	Market exits in 2020
<b>Banking Division</b>				
Banks	14	13	0	1
Investment firms	0	1	1*	0
Payment institutions	0	0	0	0
Liechtenstein Postal Service	1	1	0	0
Electronic money institutions	5	4	0	1
External auditors	5	5	0	0
<b>Securities and Markets Division</b>				
Asset management companies	106	102	3	7
<i>IUG</i>				
Active asset management companies (MCs)	3	3	0	0
Domestic investment funds	27	24	0	3
External auditors	8	8	0	0
<i>UCITSG</i>				
Active management companies (MCs)	12	11	0	1
UCITS	224	217	11	18
Audit firms	11	10	0	1
<i>AIFMG</i>				
Large AIFMs	15	16	1	0
Small AIFMs	0	0	0	0
Administrators	0	0	0	0
Risk managers	1	1	0	0
Selling agents	1	2	1	0
AIFs	265	281	47	31
Audit firms	10	9	0	1
<b>Insurance and Pension Funds Division</b>				
Insurance undertakings	37	36	0	1
External auditors under the VersAG	10	7	0	3
Insurance intermediaries	54	56	4	2
Pension schemes	17	17	0	0
External auditors under the BPVG	13	12	0	1
Pension insurance experts under the BPVG	17	19	2	0
Pension funds	4	3	0	1
<b>Anti-Money Laundering and DNFBP Division</b>				
Professional trustees	151	147	4	8
Trust companies	245	245	14	14
Auditors	43	41	1	3
Auditors established in Liechtenstein	5	5	0	0
Audit firms	28	28	0	0
Patent lawyers	5	5	0	0
Patent law firms	3	4	1	0
Persons with a licence under the 180a Act	216	215	12	13
Casinos	4	5	–**	–**

**Figure 18** Financial market participants and products supervised by the FMA

\* Licence granted subject to conditions precedent

\*\* Licences granted by the Office of Economic Affairs

## 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	2019	2020
<b>Banking Division</b>		
Free movement of services of EEA banks	263	269
Free movement of services of EEA investment firms	2172	2188
Free movement of services of EEA payment institutions	376	407
Free movement of services of electronic money institutions	222	248
Free movement of services of EEA-regulated markets	16	16
Branches of EEA investment firms	0	0
<b>Insurance and Pension Funds Division</b>		
Free movement of services of EEA and Swiss insurers	419	438
Branches of Swiss insurers	17	17
Branches of EEA insurers	2	2
<b>Securities and Markets Division</b>		
Free movement of services of EEA investment undertakings	441	559
Free movement of services of EEA management companies	77	82
Investment undertakings with third-country market authorisation	12	13
<b>Anti-Money Laundering and DNFBP Division</b>		
Auditors engaged in free movement of services	38	38
Audit firms engaged in free movement of services	18	18
Patent lawyers engaged in free movement of services	2	2
Patent law firms engaged in free movement of services	1	1

**Figure 19**  
*Financial intermediaries supervised by the FMA  
under the free movement of services*

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