



# Update On Liechtenstein Financial Centre Strategy

**Interview with Roger Frick, Board of Trustees  
and Executive Committee Member,  
Allgemeines Treuunternehmen (ATU), Liechtenstein**

**IFC:** The Liechtenstein Government recently announced a “Financial Centre Strategy” – can you please elaborate on this policy and how it is likely to impact on your standing as an international financial centre?

**RF:** Liechtenstein shows that it can improve the existing competitive framework conditions and create new competitive framework conditions, including a Double Tax Treaty network; maintain compliance with international standards; and preserve and generate value creation through its highly educated people and through internal coordination and communication.

The role, quality, and expertise of financial service providers in responding to the changing needs of financial centre clients will become even more important. The well-developed location advantage of the Liechtenstein financial centre must be further expanded.

The “internal” location (within Liechtenstein generating substance) factors will become more important: Liechtenstein must offer the financial service providers established in Liechtenstein clear location advantages so that they keep their headquarters or managing offices in Liechtenstein, generate added value here, and create new jobs. In addition to unrestricted access to the relevant markets, these location factors include an entrepreneur friendly

and liberal economic system, an excellent infrastructure, moderate taxes, low non-wage labour costs and administrative expenses, legal and planning security, fast decision-making and communication paths, and competent and efficient public authorities that are open to new developments..

More work by the financial industry needs to be done on making cross-border business more flexible and also on the response to the permanent pressure on transparency and reporting requirements for cross-border services, which lead to huge compliance costs for the clients. There is, as yet, no coordinated strategy inside and outside of Liechtenstein on how to defend the right of confidentiality. There are currently contrary strategies underway; for example, the requirements under MDR/DAC6 or public registries and the provisions in the Data Protection Ordinance of the European Union. It seems to me that these positions do not match, and opposition to these proposals is weak. We are fast moving away from a free liberal European Union Market of free movement of persons and capital, not because it is forbidden, but because the bureaucratic reporting requirements suffocate entrepreneurship. And as a substantial amount of the state income comes from the service providers who are active in the cross-border business, there is a risk of margin erosion.

**IFC:** How is the jurisdiction progressing on technical issues such as Fintech and Blockchain technology?

**RF:** In the areas of fintech and blockchain, Liechtenstein is extremely proactive, advanced, very transparent and already at the centre of things. The Liechtenstein Government ratified the Blockchain Act in the autumn of 2019. The Token and Trustworthy Technology Service Provider Act (Blockchain Act) enters into force as of 01/01/2020.

As well as the regulation of the blockchain environment, the act provides for numerous roles that blockchain service providers will be able to acquire as licence holders in order to be able to present and structure their blockchain services to clients in a more trustworthy and secure manner.

Numerous law firms, fiduciary companies and banks have already positioned themselves in the area of blockchain service provision and are actively promoting their services.

The University of Liechtenstein even successfully introduced a certified course in blockchain and fintech in 2018. Other providers also regularly offer blockchain seminars and information events in Liechtenstein.

In particular, Liechtenstein will facilitate operations in new blockchain services in the tokenisation of assets, the management of crypto assets, as well as the

implementation of blockchain technology in processes in the supply chain for industry and for other service providers.

**IFC:** Liechtenstein has recently been acknowledged for its Sustainable Development Goals. What has the jurisdiction implemented already and what is in the pipeline?

**RF:** The Government reported this year that sustainable investments are also becoming more important for private investors. The creation of transparency about whether and how investment products meet sustainability criteria will become the standard in the medium term. As a clear differentiating feature, the Liechtenstein financial centre is already striving to establish responsible, sustainable action as part of its culture. Sustainable development goals mean that the provision of services has to be transparent and meet with the expectations of international organisations. This finally means reduction or giving up earlier advantages out of the arbitrage of tax laws and legal laws, more competition and more regulations. There is surely a lot of work ahead, but it coincides with the Government's targets.

**IFC:** Is the jurisdiction continuing to attract HNW clients and, if so, why?

**RF:** Yes, as at present there are still some

advantages in the products on offer. It is the qualifications of the people, the quality of work, the political stability, the reliability and honesty of the people who make the jurisdiction so attractive, plus the ability for swift responses and small bureaucracy. These are "soft factors" which cannot be copied so easily by other foreign competitors. These attributes can be seen in the daily operational management of foundations, trusts, fund products, banking services, the fast and direct communication with state authorities, prudent court decisions, and supervision. Also, taking up residency is more flexible than in earlier times, and the residency program is not targeted by the OECD.

**IFC:** Which business structures are currently most popular with your clients; have demands changed in the past year and how do you see them shifting over the next few years?

**RF:** Foundations, Trusts, Fund Products, Banking Services are still the most popular services. Of course, compliance issues and transparency make all these services more costly and less flexible, but as long as this is within a "level playing field" in the world, Liechtenstein

will remain able to provide the tailor-made products/services. At present, I think we lose competition to the USA and Asia, where the appetite for suffocating regulation and transparency is less obvious. Transparency issues are part of the ethics of any business, but if costs reach an unreasonable level, then institutions should draw back from this. Needless to say, at present those organisations which request such implementation are not elected on the basis of democratic decisions; they do not have any legitimacy, they do not have to prove their own sustainability towards people who elect/vote for them from time to time. It would be wise for them to reconsider certain decisions on the basis of such reflections.

**IFC:** Do you anticipate Liechtenstein becoming more of a major market player over the next decade and if so, please can you elaborate on your strategy in this regard?

**RF:** No Liechtenstein will stay a niche player. We have a small population of around 38,000 and there is no strategy for fast growth, with the integration of foreign people and investments; the status quo remains much as it has in the past. ■

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