



## Press release

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### 7<sup>th</sup> Liechtenstein Bank Day

#### Innovation and Stability

**The 7th Liechtenstein Bank Day was held in Vaduz today under the motto "Innovation and Stability". Renowned Spanish economics professor Xavier Sala i Martín was invited as the guest speaker and spoke entirely on the topic of innovation. Before the event, the Bankers Association provided information to the media on the recent developments in the financial centre.**

The Liechtenstein Bank Day is one of the high-calibre events in the financial centre, taking place once every two years. Numerous representatives of business, society, and policy again accepted the invitation of the Liechtenstein Bankers Association (LBA) this year. The highlight of the evening was the lecture by the multiple award-winning Spanish economist Xavier Sala i Martín, who captivated the audience with his trenchant and humorous remarks and his expertise. His focused entirely on innovating outside the box.

Liechtenstein banks have likewise dedicated themselves to innovation. As the representatives of the Bankers Association explained in a media briefing before the event, wait-and-see is not an option. With the Roadmap 2015 presented more than a year ago, the banking sector has dedicated itself to a sustainable strategy for the future, relying on innovative ideas and at the same time with a focus on stability factors.

#### Cautiously optimistic outlook

The Bankers Association was not yet able to report specific figures for 2012; only a few banks have published their half-yearly results so far. Simon Tribelhorn did however divulge the following with regard to this year's current trends: "We are cautiously optimistic, and confident for the long term." The banks are well-positioned and continue to be stable. They have solid equity capital, risk-averse business strategies with a long-term orientation, and they are broadly based internationally as well. "We expect there to be a slight inflow of new assets on a consolidated basis," Tribelhorn said. He also emphasized that the banks in Liechtenstein are and will continue to be an important employer within the country, with currently more than 2,000 full-time and part-time positions.

While it is difficult to make a forecast for the coming years, Tribelhorn did provide a brief outlook. The banks are expecting a stabilizing impact to come from regions such as Asia, BRIC-countries, and South America. "Our banks' business activities have an international orientation, and they have been operating onshore in these markets for a long time." With respect to the Swiss franc exchange rate, Tribelhorn said that it does represent a burden for banks, since substantial income components are booked in foreign currencies. The LBA continues to estimate that interest income will remain low. Despite the inflow of new assets, a certain level of outflow cannot be ruled out in regard to client portfolios.



But Tribelhorn also identified positive trends. "Liechtenstein's attractiveness as a stable financial centre offering legal certainty and credibility is likely to be reflected in the figures from the first half year. Not least of all, the competitive environment continues to remain challenging, and regulations will primarily have an impact on the cost side.

### **First results of the Roadmap**

More than a year after the presentation of the Bankers Association's financial centre strategy, Tribelhorn was able to report on the first results. With joint effort, the UCITS Act and the AIFM Directive were launched. The banks see a great opportunity here. In recent months, the financial centre has also successfully presented itself internationally in all its diversity. Interest was high, and Liechtenstein's image is also increasingly becoming more positive. Measures to reinforce and maintain the stability of the financial centre were also taken, and an early warning system regarding the opportunities and risks of EU rules was established with the help of an overarching consultation group.

The Director of the Banking Association especially emphasized efforts in the field of sustainability. "We are on the path toward becoming a sustainability competence centre," he remarked. In future, the Liechtenstein and Swiss Climate Foundations will work together, which also will benefit Liechtenstein SMEs. And as the most recent highlight, Tribelhorn mentioned the establishment of the CARLO Foundation, the first European rating agency for sustainability. "As you can see, the topic of tax cooperation is just one of many," Tribelhorn said. Yet it continues to enjoy great importance. The LBA clearly advocates a tax compliance strategy. A sustainable strategy for the future must therefore also include finding solutions for the past and building a bridge to the future.

### **Banks commit to new guideline**

With a view to the current agreement policy, Tribelhorn announced an important step at the Bank Day. In their extraordinary general meeting the previous week, the banks adopted a guideline prohibiting member banks from actively abetting the removal of assets from the scope of application of any regularization agreements prior to entry into force of such agreements. "With this guideline, we intend to rule out any undermining of regularization solutions from the outset," Tribelhorn said. The guideline is scheduled to enter into effect already on 1 September. It is binding on all member banks and is monitored by the Secretariat.

### **Full agenda**

Looking to the future, LBA President Adolf E. Real referred to the continually challenging economic environment. "The environment has changed significantly for the financial industry over the past five years," Real said. The developments at the global level have resulted in substantial pressure to adjust. Tighter regulation is likewise not a temporary trend, but rather entails sustained changes to banking. The goals are ambitious. The banking industry must regain trust. The future – as Real again made clear – belongs to declared assets, and the banks must again be able to focus on the actual banking business. In brief: "We must be able to offer tailored products and services to a demanding, internationally oriented clientele in an environment increasingly characterized by transparency, and in compliance with the applicable legal frameworks."

According to Real, what has been achieved so far shows that even a small country with few resources can achieve much together. This should not conceal the fact, however, that the upheavals of the past years and the transformation process are far from over. "The path is long and not easy," Real said.



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For the coming years, the Bankers Association has therefore set out a full agenda with a clear maxim for action, Real said to the media. Liechtenstein sees the increasing regulation as an opportunity to establish itself as a first mover and to build up extensive know-how that will serve in future as a calling card for the entire financial centre.

In his evening speech at the Bank Day, Real also referred to the consistently innovative history of the Liechtenstein financial centre, which must now be resumed. The years of prosperity had made the financial centre lazy, however. "We simply missed out on many developments," Real said to the numerous guests. But the financial centre had said yes again in time – yes to innovative ideas. Now it must show persistence, but also bite.

### **Top economist in Vaduz**

To master these challenges, a harmonized and integrated financial centre strategy is necessary. "This would make our business location even stronger, more efficient, and more secure," Real said. For this reason, the financial centre must look for new ideas and also think outside the box. Innovation is the keyword here. And this is exactly what the Bankers Association wants to encourage with the 7th Liechtenstein Bank Day. For this reason, the Bankers Association invited renowned economist Professor Sala i Martín to Vaduz, to "help us look beyond the end of our noses and indicate new approaches for innovative action."

In his concluding remarks at the Bank Day, Simon Tribelhorn expressed his conviction that "our time has come. The time to create new basic foundations for our financial centre, building on ideas and opportunities. I am convinced that we will blossom. We have the opportunity to innovate, and we will use it."

### **Additional Information:**

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