A future built on trust and values

By Otmar Hasler, Prime Minister of Liechtenstein

The future of a financial center depends on client trust. Much of what creates trust can only be successfully implemented by the individual financial services companies – whether through corporate culture, attitudes toward clients or the professionalism of employees.

This only tells half the story, however. A financial center and its reputation are, to a significant extent, perceived in light of the values it puts into practice – and these values can be put into practice by the state as well.

We are not waiting for regulation from abroad, but instead act in accordance with values and norms that make such regulation superfluous. We act in a self-confident and self-determined manner, and we have developed an outstanding financial location over the past years.

The facts clearly demonstrate this:

• Liechtenstein has been a member of the European Economic Area (EEA) since 1995 and thus fulfills the same regulatory standards in the financial services sector as the EU.

• By creating a Financial Intelligence Unit in 2001, establishing an independent, integrated Financial Market Authority in 2004 and carrying out substantial legal amendments, such as a further tightening of the Due Diligence Act in 2005, we have established forward-looking standards.

• Traditionally, the Liechtenstein legal system attaches great importance to privacy. Bank client secrecy is an expression of a liberal economic attitude and of the protection of private property and privacy. Bank client secrecy protects the legitimate private sphere of every bank client, but not criminal machinations. Liechtenstein is not interested in dirty money, and it does everything in its power to keep criminal machinations away from the financial center.

• There are no anonymous foundations in Liechtenstein. Foundations are products on the financial market like any other. The "know your customer" rules apply without exception to all financial intermediaries in Liechtenstein (banks, asset managers, professional trustees etc.).

• Tax evasion is neither condoned nor supported by Liechtenstein. Acts of tax evasion occur abroad, not in Liechtenstein, and accordingly must be judged according to the laws of the country where the act is committed.

• In recent years, Liechtenstein has undertaken significant reforms in the field of financial services, which are now considered equivalent to the highest international standards within the EU. The reforms implemented since 2000/01 are given high marks by the relevant international organizations.

• Liechtenstein has pursued European integration in a self-determined manner. This is seen in the following examples:

  • Liechtenstein signed the Schengen agreement in February 2008.

  • Liechtenstein has been negotiating with the EU and its member states since 2007 on an agreement to combat fraud to the detriment of the financial interests of the EU and the other contracting parties. The negotiations have been constructive. Liechtenstein is committed to pursuing its policy of greater openness in various areas, without undermining its core principle of privacy.

  • The reform of Liechtenstein foundation law has provided new rules governing the supervision of charitable foundations, but also internal control mechanisms by strengthening the information rights of beneficiaries.

  • The planned revision of the Liechtenstein Tax Act is based on the goal of adapting existing tax law to the changing economic and legal environment in Liechtenstein and abroad, drawing on the most recent insights of international tax research, so that Liechtenstein will continue to offer a tax system in the future that is equally attractive and competitive for natural and legal persons in Liechtenstein and abroad.

• Liechtenstein will continue to do everything in its power to remain attractive as a business location and to fulfill the highest international standards: With the "Futuro" project, we have elaborated a vision for the financial center that takes into account the needs of the overall economy. The goal is to secure sustainable growth for the long term. The vision is based on the traditional strengths of the financial center and focuses on private wealth management. Even more than previously, the financial center will take advantage of the opportunities afforded by Liechtenstein's membership in the European Economic Area and will strengthen its positioning internationally.

Given what we have achieved and already initiated so far, we do not need to hide. This is why we have always confronted questions of policymakers and the international public with the greatest possible transparency and openness. We are convinced that these measures constitute a solid foundation for our ongoing discussions and negotiations. We will continue to pursue this strategy in a consistent and sustainable manner.

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