



**AUSSCHUSS**  
FÜR FINANZMARKTSTABILITÄT

## **28 June 2021: Recommendation to maintain the countercyclical capital buffer (AFMS/2021/1)**

The Financial Stability Council (FSC) has recommended to the Government in its meeting on 28 June 2021 pursuant to Article 33b(2)(d) of the Financial Market Supervision Act (FMAG), to retain the countercyclical capital buffer (CCyB) at a rate of 0% of risk-weighted assets, as there are currently no signs of excessive credit growth in Liechtenstein.

The purpose of the buffer is to build up an additional capital reserve in times of excessive credit growth by financial institutions to cushion losses in the event of a crisis. The basis for the buffer decision is the so-called credit gap, i.e. the deviation of the private sector debt ratio relative to GDP from its long-term trend. The estimation of the credit gap, which is calculated on the basis of household debt and mortgage loans, currently yields a negative value and therefore implies keeping the buffer at 0% from a purely technical, rules-based perspective. Against the background of the negative credit gap and under consideration of other indicators linked to the development of cyclical risks in Liechtenstein, the FSC concluded to keep the countercyclical capital buffer at the level of 0%.

The FSC continuously monitors the development of cyclical risks in the financial sector and will adapt the recommendation regarding the level of the countercyclical capital buffer if deemed necessary.