



AUSSCHUSS
FÜR FINANZMARKTSTABILITÄT

PRESS RELEASE

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Liechtenstein's Financial Stability Council held its first meeting

The Financial Stability Council (FSC) held its first meeting on 5 July 2019. The Financial Stability Council is the central body for macroprudential supervision in Liechtenstein and has been legally established in May 2019. The council's members are representatives of the Ministry for General Government Affairs and Finance and the Financial Market Authority (FMA). The FSC holds meetings at least four times a year.

The key task of the FSC is to address systemic risks to financial stability in a transparent and comprehensive process. To this end, the FSC uses a variety of available macroprudential instruments, as well as warnings and recommendations. The General Secretary of the Ministry for General Government Affairs and Finance, Markus Biedermann, acts as the chair of the FSC. The FMA is serving as secretariat to the FSC and is responsible for providing financial stability analyses and studies for the decisions of the FSC. Thereby, the FMA meets its legal mandate to preserve financial stability and thus assumes functions in the area of financial stability that are typically assigned to the central bank in other countries.

Macroprudential strategy to safeguard financial market stability

In its first meeting on 5 July 2019, the FSC has discussed the macroprudential strategy for Liechtenstein and reached agreement to publish the respective document. The macroprudential strategy captures the essential reference points and the operating framework for fulfilling the tasks for macroprudential supervision in Liechtenstein.

Countercyclical capital buffer to address excessive credit growth

The FSC has recommended to the government in its first meeting to set the countercyclical capital buffer – a macroprudential instrument to address excessive credit growth – at a rate of 0% of risk-weighted assets, as there are currently no signs of excessive credit growth in Liechtenstein (Recommendation AFMS/2019/1). The aim of the countercyclical capital buffer is to build up additional capital in times of excessive loan growth in order to preserve losses in the downturn of the financial cycle.

Further information on the FMA website

Furthermore, the FSC has also debated about current economic and financial market developments and has also discussed possible measures to guarantee financial stability in Liechtenstein in a sustainable manner. With the first meeting of the FSC, the section “Financial market stability and macroprudential supervision” will be published on the FMA website. This new section contains all relevant information on financial stability, macroprudential supervision as well as the Financial Stability Council and also explains its tasks and objectives. All relevant decisions, warnings and recommendations of the FSC will be published in this section of the FMA website.

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