

Liechtenstein: the Swiss franc within the European Economic Area

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Liechtenstein, ranked ninetieth in the GFCI, is the closest analogue to Lugano among the centres considered here.¹ Its banks are private banks with an international clientele, it uses the Swiss franc under a currency treaty with Switzerland and it forms a customs union with Switzerland. Its legal position differs in one decisive respect. Liechtenstein has been a member of the European Economic Area since 1 May 1995 and has implemented the European directives on banking and investment services. Its banks and investment firms hold the European passport and may serve clients in Italy without an Italian authorization.² Chapter E.IV has described how some Lugano asset managers and banking groups have used Liechtenstein entities to serve Italian clients for this reason.

The relationship between Italy and Liechtenstein has also improved on the tax side. Italy and Liechtenstein signed a double taxation convention on 12 July 2023, which the Italian government submitted to Parliament for ratification in 2024.³ The Liechtenstein foundation and the Liechtenstein trust remain important instruments for Italian families, as Chapter E.V has shown. For Lugano, Liechtenstein is a competitor that offers the Swiss franc and an Alpine banking culture together with the EEA passport, and at the same time a partner that allows Swiss groups to serve Italy from within the single market. The Liechtenstein Bankers Association adopted a strategy in 2025 aimed at growth through sustainability and innovation, and Liechtenstein joined the International Monetary Fund as its 191st member on 21 October 2024.⁴

1 The lesson of the three centres

The three centres show what distinguishes a financial centre inside the European single market from one outside it. London lost the passport in 2021 and has replaced it, for its relationship with Switzerland, with a

bilateral agreement of mutual recognition. Luxembourg and Liechtenstein have the passport and use it to serve Italy and the rest of the Union. Monaco, Dubai, Singapore and Switzerland do not have it. Among these, Switzerland is the only one whose most important regional centre, Lugano, depends on a single neighbouring Member State for most of its clients. This dependence explains why the Swiss and Ticinese debate on market access has focused on Italy, and why the absence of financial services from the package of agreements with the European Union, discussed in the next section, weighs more heavily on Lugano than on Zurich or Geneva.

For the practitioner. Structures that combine Lugano with an EU or EEA platform: - an EU subsidiary or branch of the Swiss group (often in Luxembourg, Milan or Frankfurt) for active service to Italian private clients, with portfolio management delegated to Lugano where permitted; - a Liechtenstein investment firm or bank with the EEA passport, with Swiss custody; - Luxembourg UCITS or Luxembourg life insurance wrappers for Italian clients, with investment management or custody in Switzerland; - in every case, a documented allocation of functions, substance and risk that withstands review by CONSOB, the Banca d'Italia and the Italian tax authorities as to the permanent establishment.

2 Notes

1. GFCI 39 (above), Table 1. ↩
2. Wikipedia, "Liechtenstein–European Union relations", https://en.wikipedia.org/wiki/Liechtenstein%E2%80%93European_Union_relations (consulted October 2026; used as a last resort), on EEA membership from 1 May 1995. As an EEA state Liechtenstein applies the directives on banking and investment services incorporated into the EEA Agreement. See Chapter E.IV. ↩
3. See Chapter E.V. Italy–Liechtenstein double taxation convention of 12 July 2023, ratification bill of the Italian Council of Ministers of 15 April 2024. ↩

4. Liechtensteinischer Bankenverband, website, <https://www.bankenverband.li/> (consulted October 2026), on the "Roadmap 2025"; International Monetary Fund, "Liechtenstein" (country page), <https://www.imf.org/en/Countries/LIE>, on Liechtenstein's accession as the 191st member on 21 October 2024. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/lugano-liechtenstein-the-swiss-franc-within-the-european-economic-area