

Austria, Liechtenstein and the DACH market — overview and summary

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Seen from Zurich, the German-speaking economic area does not end at the Rhine between Basel and Lake Constance. It continues eastwards into Vorarlberg, Tyrol and Vienna and includes a small principality on the upper Rhine that has shared a customs territory and a currency with Switzerland for a century. The abbreviation DACH, formed from the international vehicle codes D for Germany, A for Austria and CH for Switzerland, has become the common shorthand for this area in marketing departments, law firm brochures and the business plans of asset managers. Liechtenstein is sometimes added as a fourth letter, although in practice it is usually treated as part of the Swiss side of the equation because of the treaties that bind it to its western neighbour. For the Zurich financial centre, the DACH market is the home market beyond the home market: a region of some one hundred million people who share a written language, similar legal traditions and a long habit of placing savings, company shares and family wealth on the other side of the nearest border.

The two preceding chapters of this Part dealt with Germany, the largest of these relationships and the one that produced the most conflict. The present chapter turns to the two smaller neighbours. Austria and Liechtenstein matter to Zurich for different reasons. Austria was for decades a competitor in the business of banking secrecy, with a confidentiality rule anchored at constitutional level, before becoming a partner in the negotiated settlement of undeclared assets when the two countries concluded their withholding tax agreement in 2012. Liechtenstein, by contrast, is at once a part of the Swiss economic area and a member of the European Economic Area, a combination that gives its banks, insurers and fund managers a form of dual market access that no Swiss institution enjoys. Its largest private banks run important operations in Zurich, while its foundations and trusts have for a century been a

standard element of the structures designed by Zurich lawyers and trustees for clients from all three countries.

The chapter proceeds in four steps. It first describes the DACH area as an economic and linguistic space and then examines the Austrian relationship, from the end of Austrian banking secrecy and the withholding tax agreement to the Austrian private foundation and the rivalry between Vienna and Zurich. The central part is devoted to Liechtenstein: the customs and currency treaties with Switzerland, membership of the European Economic Area, the banks and their Zurich links, the law of foundations and trusts, the data affair of 2008 and the transformation that followed. The last part considers Zurich as a service hub for DACH clients, the rules that govern cross-border banking and investment services into Germany and Austria, the labour market of commuters, the professional networks and the regional market around Lake Constance. Throughout, the aim is to show what these relationships have left in the institutions, habits and reputation of the Zurich financial centre as it stands in September 2026.

1 Conclusion

Austria and Liechtenstein occupy distinct places in Zurich's German-speaking hinterland. Austria was for decades a competitor in the business of discretion, with a banking secrecy rule protected at constitutional level. It became a partner when the two states concluded the withholding tax agreement of 2012, which regularised a significant part of the Austrian assets in Switzerland and which the automatic exchange of information replaced at the end of 2016. The Austrian private foundation of 1993, created to bring home the structures that Austrian entrepreneurs had held in Liechtenstein, remains a central instrument of Austrian family wealth, and Zurich banks and advisers regularly serve its portfolio and restructuring needs.

Liechtenstein is at once a part of the Swiss economic area, through the customs treaty of 1923 and the currency treaty of 1980, and a member of the European Economic Area since 1995. This dual position gives its banks, insurers and fund managers access to both markets and explains the close links between Vaduz and Zurich, visible in the Swiss subsidiaries of LGT, LLB and VP Bank. The Liechtenstein foundation and trust under the PGR of 1926 were for decades the favoured vehicles of DACH clients who kept their assets in Swiss accounts. The data affair of 2008 ended the anonymous model. The Liechtenstein Declaration of 2009, the reform of foundation law, the tax agreements and the automatic exchange of information

transformed the principality into a transparent financial centre that has since added a pioneering blockchain law.

Zurich stands at the centre of this network as a hub of service providers who handle German, Austrian and Liechtenstein matters daily. The limits of that role are set by the licensing rules of the neighbouring states, above all the German simplified exemption procedure introduced in 2014 and the European third-country branch regime that applies from January 2027. Commuters, professional associations and the regional market around Lake Constance complete a picture in which the DACH area functions as an integrated space for private wealth across several jurisdictions.

2 In five sentences

1. Austria competed with Switzerland for decades on the strength of a banking secrecy rule protected at constitutional level, until the account register of 2016 and the automatic exchange of information from 2017 reduced it to professional confidentiality.
2. The Austrian–Swiss withholding tax agreement of 2012, in force from 2013 to 2016, regularised a large part of the Austrian assets held in Switzerland and showed that a negotiated settlement of the past was possible between neighbours.
3. Through the customs treaty of 1923 and the currency treaty of 1980 Liechtenstein belongs to the Swiss economic and monetary area, while its membership of the European Economic Area since 1995 gives its financial institutions the European passport that Swiss institutions lack.
4. The Liechtenstein foundation and trust, the insurance wrapper and the Zurich subsidiaries of LGT, LLB and VP Bank tie Vaduz and Zurich into a single market for private wealth governed by two regulatory regimes.
5. Zurich serves DACH clients as a hub of banks, trustees and lawyers whose cross-border reach depends on German and Austrian licensing rules, the German simplified exemption procedure of 2014 and the European third-country branch regime that applies from January 2027.

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