S&P Global
Ratings

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Liechtenstein

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This report does not constitute a rating action.

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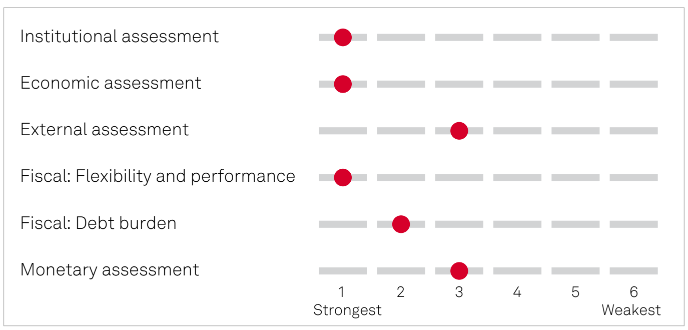
Ratings Score Snapshot



Sovereign credit rating

Foreign currency
AAA/Stable/A-1+

Local currency
AAA/Stable/A-1+

Credit Highlights

Overview

Institutional and economic profile	Flexibility and performance profile
Liechtenstein is a small, wealthy, open, and export-oriented economy that is home to numerous companies that lead globally in niche markets.	The government's fiscal performance remains strong, and debt is low.
--Liechtenstein is susceptible to significant changes in international taxation.	--Significant liquid government assets and social security funds provide substantial buffers against potential external or fiscal shocks.
--We expect economic and budgetary policy continuity from the new government.	--Liechtenstein is working with the IMF to improve data availability and timeliness for its economic and external financial accounts.
--The economy benefits from Liechtenstein's membership of the European Economic Area and the customs union with Switzerland.	--We estimate inflation will remain very low compared to international levels through 2028 and aligned with the Swiss National Bank's (SNB's) inflation target.

S&P Global Ratings projects Liechtenstein's economy will contract by 0.2% in 2025, following estimated low growth of 0.3% in 2024. Liechtenstein's small, open economy faces ongoing uncertainty regarding international trade relations, which will dampen investments and exports, particularly through lower demand from key trading partners Switzerland, Germany, and Austria. Following a major shift in U.S. trade policy earlier this year, Liechtenstein--like other European countries--is subject to the U.S.' universal 15% tariff on imported goods.

Liechtenstein joined the IMF in October 2024, which we expect will improve the timeliness and availability of statistical information over the medium term. The IMF will provide technical assistance for compiling Liechtenstein's external and economic accounts.

Outlook

The stable outlook reflects our view that Liechtenstein's strong budgetary position and extensive financial buffers, along with its high policy effectiveness and prudent regulatory framework, will protect its creditworthiness from global economic and financial uncertainty.

Downside scenario

We could lower the ratings if Liechtenstein's public finances weakened materially and the country faced increased international tax or financial regulatory pressure, like other financial centers. This could severely constrain the government's revenue and hinder political strategy and effectiveness over a prolonged period.

Rationale

Institutional and economic profile: Economic growth to rebound in line with recovery of key trading partners from 2026

Liechtenstein is a small and open economy that is used to large economic swings and able to adapt quickly. It is diversified, with machinery industry accounting for about 40% of GDP, and the financial and insurance service sectors about 20%. Its manufacturing base contributes a large share to gross value added compared to that of other small sovereigns with large financial centers. Liechtenstein is also home to many small and midsize export-oriented companies, which are global leaders in niche markets and therefore relatively quick to adjust to customers' needs and pass on prices in case of higher tariffs. This leaves Liechtenstein's economy less vulnerable to downturns, but growth may be more volatile than for other sovereigns.

We expect Liechtenstein's economy to contract by 0.2% in 2025 as trade tensions dampen investments and exports to key trading partners. Despite being part of the Swiss customs union, Liechtenstein--like other European countries--faces a universal 15% tariff on goods exported to the U.S. The Swiss and Liechtenstein authorities announced that they have reached a joint agreement with the U.S. that brings the Swiss tariff down to 15% from 39%. Apart from Switzerland, Germany and Austria are Liechtenstein's main trading partners and accounted for approximately 47% of Liechtenstein's exports in the third quarter of 2025, while direct exports to the U.S. represented about 8%. However, overall trade exposure to the U.S. may be higher, since many Liechtenstein-based companies are present in the U.S. or trading globally with the U.S. through subsidiaries. We expect economic growth to recover to 1.9% in 2026 and average 1.7% over 2026-2028.

We project Liechtenstein's unemployment rate to increase to about 2.1% this year from 1.6% in 2024 because of lower global demand for goods and services. A continuous shortage of skilled labor will keep unemployment artificially low in an international comparison. The number of available jobs in the country remains high compared to its total population because a sizable portion of the workforce is filled by commuters, mainly from neighboring Switzerland and Austria.

Liechtenstein continues to benefit from its customs union with Switzerland, alongside full access to the European Economic Area. The absolute refugee inflow from Ukraine to Liechtenstein will likely remain lower than in neighboring countries. Still, total refugee-related expenditure weighs on the budget at an estimated Swiss franc (CHF) 13.7 million for 2025 (or 0.2% of GDP). Refugees from Ukraine represented about 1.9% of the principality's population in 2024. If the Ukrainian population permanently settles in the country, Liechtenstein could benefit from higher economic growth and taxes.

Following parliamentary elections in February 2025, a new government assumed office on April 10. A coalition formed by the two largest parties--which have dominated Liechtenstein's politics for decades--secured 17 of the 25 seats. We expect Liechtenstein's reform agenda to remain largely unchanged, given the coalition agreement and the latest government program focus on strengthening global diplomatic relations and addressing demographic challenges by continuing existing economic and fiscal policies. The country's internal and external security strategy has been elevated in priority, given that the country has no standing military. We note that specific plans are yet to be determined; however, we expect the landlocked country to be actively involved in European security discussions.

Liechtenstein continues to gradually implement its policy agenda of diversifying toward sustainable energy sources. However, its high reliance on energy flows from Germany and Austria will continue. Liechtenstein has extended its gas reserve holdings until midyear 2027, covering two-to-three winter months of its energy needs.

Liechtenstein's position as a small financial center remains vulnerable to shifts in international financial regulation. For example, the Organization for Economic Cooperation and Development's global minimum tax rate on corporate profits--which took effect in 2024 in Liechtenstein--now taxes larger companies' profits at 15%, up from a previous rate of 12.5%. We do not anticipate any major company reallocations or a positive impact on the government's budgetary position. Liechtenstein continues to rely on European free trade agreements and is actively negotiating and strengthening various bilateral trade agreements. In our view, the government will maintain its record of proactively adopting international standards and fostering cross-border cooperation.

Flexibility and performance profile: Large government assets and budget surpluses will help Liechtenstein weather current geopolitical uncertainties

We expect Liechtenstein's general government surplus to reach 1.9% of GDP in 2025, up from 1.7% in 2024. This projection reflects lower tax and fee income--including from reduced corporate income and gambling tax revenue (the latter due to Liechtenstein's agreement with Switzerland to prevent banned individuals from gambling in the country)--and increased spending on subsidies, such as for solar photovoltaic projects and energy efficiency renovations, as well as refugee-related expenses. We project the general government surplus to average 1.6% of GDP over 2026-2028.

Liechtenstein's general government liquid financial assets, including social security and pension funds, increased to 107% of GDP in 2024 from 90% in 2018. We expect these assets to remain well above 100% of GDP through 2028. Total government assets--which depend on both the central government's budget performance and financial market returns--benefited from positive returns in 2024 for both government and social security assets, despite conservative portfolio structures and market volatility. Most of these assets are invested in bonds and either denominated in Swiss francs or hedged against exchange rate risk.

We note that valuation risk remains prevalent, considering low global economic growth, global geopolitical uncertainty, financial market volatility, and the generally conservative portfolio structure. Still, consecutive budget surpluses will support the steady accumulation of government assets over the next few years, adding to the principality's already high fiscal cushion.

In our view, the principality’s budgetary framework includes sufficient room to accommodate potential challenges, for example, stemming from a delayed global economic recovery or intensifying geopolitical uncertainties. The central government has no debt outstanding and the general government, including 11 municipalities and the social security system, has very little debt--less than 1% of GDP--which relates to short-term loans contracted by some municipalities.

We believe Liechtenstein's financial services industry poses a moderate contingent liability for the government. The sector comprises banks, asset managers, insurance companies, trusts, and company service providers. Banks are predominantly active in private banking and have favorable funding profiles and strong capitalization; their assets correspond to about 14x Liechtenstein's GDP, which is extremely high in an international comparison. At the same time, banks’ comparably low-risk models and focus on private banking and wealth management limit the impact on the local economy in adverse scenarios. However, the focus on private banking makes the industry more sensitive to a reduction in global wealth and capital market valuations. Moreover, extreme market volatility could lead to margin calls and losses on Lombard lending, despite banks' generally conservative risk management.

Liechtenstein continues to apply sanctions against Russia and Belarus, in line with the EU and in close collaboration with the U.S. These sanctions do not represent a material risk to its banking system or reputation, although we understand they had some financial impact on the banking industry. We also note improvements to transparency and anti-money-laundering policies over the past decade. However, the principality's banks remain vulnerable to reputational risks. We note that, recently, the complex international sanctions regime against Russia and Belarus led to trustees abandoning their Liechtenstein trusts due to the risk of being sanctioned by the U.S. Office of Foreign Assets Control. We consider this to be a systemic issue for Liechtenstein as a financial center and we expect all stakeholders to comply with the international sanctions and have no wider reputational consequences. Under our Banking Industry Country Risk Assessment, we assess Liechtenstein at group '2', where group '1' denotes the lowest-risk banking sectors and '10' the highest risk (see "Banking Industry Country Risk Assessment: Liechtenstein," Sept. 17, 2025).

The principality is in a monetary union with Switzerland, and its economy is closely synchronized with Switzerland's. This enables it to use the Swiss franc as legal tender and provides direct access for financial institutions to the SNB's liquidity facilities against eligible collateral, on par with any Swiss financial institution. However, Liechtenstein has no vote on the SNB's monetary policy council and receives no benefits from seigniorage (profit made by a government by issuing currency). This setup reduces Liechtenstein's monetary flexibility. Inflation reached 0.1% year on year in October 2025. There have been insignificant fluctuations in the recent past, but inflation remains well below that of the euro area. This is due to the strong Swiss franc, which contributes to the pass-through of inflation. We project inflation in the principality will average roughly 0.6% during 2025-2028.

Our rating on Liechtenstein incorporates the lack of comprehensive data on the country's external accounts, since no data is available for external trade or balance of payments. However, there is more visibility on some aspects of the country's international investment position through financial institutions' aggregate external accounts. This has also improved transparency relative to Swiss counterparties, suggesting the banking industry's high external creditor position. Still, data on the external accounts of the public sector and nonfinancial private sector remains unavailable. We therefore continue to base our assessment of Liechtenstein's external position on that of Switzerland, factoring in the absence of comprehensive external data.

We understand that Liechtenstein's government has started to work actively to address this deficiency, by compiling a complete external financial dataset. Moreover, we understand that the timeliness and composition of national accounts will be improved. These efforts will be supported by technical assistance from the IMF and the SNB. Liechtenstein joined the IMF at the end of October 2024.

Liechtenstein--Selected Indicators

	2019	2020	2021	2022	2023	2024	2025bc	2026bc	2027bc	2028bc
Economic indicators (%)										
Nominal GDP (bil. CHF)	6.4	6.0	7.1	7.0	7.4	7.6	7.6	7.8	8.0	8.2
Nominal GDP (bil. $)	6.4	6.4	7.7	7.4	8.3	8.6	8.7	9.1	8.7	8.7
GDP per capita (000s $)	166.1	164.0	196.2	185.5	207.1	210.2	212.0	218.8	209.1	206.0
Real GDP growth	(2.2)	(5.3)	15.7	(2.7)	4.8	0.3	(0.2)	1.9	1.6	1.7
Real GDP per capita growth	(3.1)	(6.1)	15.0	(3.6)	3.9	(1.9)	(0.9)	1.2	0.9	1.0
Real investment growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment/GDP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Savings/GDP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Exports/GDP	53.5	47.6	49.9	46.4	45.8	45.1	45.1	44.0	42.9	41.9
Real exports growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployment rate	1.5	1.9	1.6	1.3	1.4	1.6	2.1	2.0	1.9	1.8
Fiscal indicators (general government %)										
Balance/GDP	3.8	7.4	2.5	3.3	4.4	1.7	1.9	1.5	1.6	1.6
Change in net debt/GDP	(10.1)	(11.2)	(4.3)	9.4	(7.9)	(6.6)	(5.1)	(5.3)	(5.3)	(5.4)
Primary balance/GDP	3.8	7.4	2.5	3.3	4.4	1.8	1.9	1.5	1.6	1.6
Revenue/GDP	28.4	38.7	26.3	27.5	28.3	27.4	27.5	26.8	26.8	26.8
Expenditures/GDP	24.6	31.3	23.8	24.1	23.9	25.6	25.6	25.3	25.2	25.2
Interest/revenues	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt/GDP	0.6	0.6	0.5	0.6	0.5	0.5	0.6	0.6	0.7	0.9
Debt/revenues	2.2	1.5	2.0	2.1	1.9	2.0	2.1	2.2	2.7	3.4
Net debt/GDP	(102.0)	(119.7)	(106.5)	(97.3)	(99.8)	(104.8)	(109.8)	(112.4)	(115.1)	(117.6)
Liquid assets/GDP	102.7	120.3	107.0	97.9	100.3	105.3	110.4	113.0	115.8	118.5
Monetary indicators (%)										
CPI growth	0.4	(0.7)	0.6	2.8	2.1	1.1	0.2	0.6	0.8	0.9
GDP deflator growth	(0.1)	(0.7)	1.3	2.5	1.0	1.4	0.2	0.6	0.8	0.8
Exchange rate, year-end (CHF/$)	1.0	0.9	0.9	0.9	0.8	0.9	0.8	0.9	0.9	0.9
Banks' claims on resident non-gov't sector growth	1.0	2.1	1.8	(0.4)	(2.8)	7.2	3.3	2.0	2.0	2.0

Liechtenstein--Selected Indicators

Banks' claims on resident non-gov't sector/GDP	215.4	233.8	203.1	202.8	186.1	196.2	202.7	201.7	200.9	199.9
Foreign currency share of claims by banks on residents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Real effective exchange rate growth	0.8	2.1	1.0	3.6	2.7	(0.3)	N/A	N/A	N/A	N/A

Sources: Office of Statistics (Economic /Monetary/ Fiscal/Debt/External Indicators); International Monetary Fund (Monetary Indicators).

Adjustments: None

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. N.M.--Not meaningful. CHF--Swiss franc. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Liechtenstein--Rating Component Scores

Key rating factors	Score	Explanation
Institutional assessment	1	Proactive policymaking and a strong track record in managing past economic and financial crises and delivering economic growth. Ability and willingness to implement reforms to ensure sustainable public finances and economic growth. Extensive checks and balances between institutions. Unbiased enforcement of contracts and respect for the rule of law.
Economic assessment	1	Based on GDP per capita ($) as per the Selected Indicators table above.
External assessment	3	Given the customs and currency union between Switzerland and Liechtenstein, there is limited availability of comprehensive information on the principality's trade and external statistics. We base Liechtenstein’s initial external score on that of Switzerland and define Switzerland as the "host country."
Fiscal assessment: flexibility and performance	1	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1. Based on liquid assets to GDP as per Selected Indicators in Table 1.
Fiscal assessment: debt burden	2	Based on net general government debt (% of GDP) as per Selected Indicators in Table 1. We assess banks' contingent liabilities as moderate because their aggregated balance sheets account for about 14x local GDP. In addition, reputational risk for Liechtenstein remains, which can affect banks.
Monetary assessment	3	Liechtenstein uses the Swiss franc, which we treat as an actively traded currency. The Swiss National Bank (SNB) has a track record in monetary authority independence with market-based monetary instruments and has the ability to act as a lender of last resort for the financial system. The consumer price index is low and in line with that of its trading partners. Liechtenstein-based banks' access to SNB facilities is on par with that of Switzerland-based banks. The principality is a member of the Swiss franc area through a customs and monetary union with Switzerland, restricting individual monetary flexibility.

Liechtenstein--Rating Component Scores

Key rating factors	Score	Explanation
Indicative rating	aaa	As per Table 1 of "Sovereign Rating Methodology".
Notches of supplemental adjustments and flexibility	0	
Final rating		
Foreign currency	AAA	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	AAA	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings List, Nov. 11, 2025
- Sovereign Ratings History, Nov. 11, 2025
- Sovereign Ratings Score Snapshot, Nov. 6, 2025
- Sovereign Risk Indicators, Oct. 9, 2025. A free interactive version is available at http://www.spratings.com/sri.
- Banking Industry Country Risk Assessment: Liechtenstein, Sept. 17, 2025

Ratings Detail (as of November 12, 2025)*	
Liechtenstein	
Sovereign Credit Rating	AAA/Stable/A-1+
Transfer & Convertibility Assessment	AAA
Sovereign Credit Ratings History	
26-Feb-2016	AAA/Stable/A-1+
12-Feb-2016	AAA/Watch Neg/A-1+

Ratings Detail (as of November 12, 2025)*

02-Dec-1996	AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.