

The Swiss approach to regulating artificial intelligence

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At federal level, Switzerland has chosen a path that differs from the comprehensive regulation adopted by the European Union. In November 2023, the Federal Council instructed the Federal Department of the Environment, Transport, Energy and Communications to prepare an overview of possible regulatory approaches. On the basis of that overview, it decided in February 2025 that Switzerland should ratify the Council of Europe Framework Convention on Artificial Intelligence and implement it through targeted amendments to existing laws. Sector-specific rules would be adapted where necessary, while general cross-sectoral rules would be limited to areas relevant to fundamental rights, such as data protection.¹ The Federal Council also announced that it would present a consultation draft and a plan of non-binding measures, such as self-regulation and industry solutions, by the end of 2026.²

The Council of Europe Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law was adopted in May 2024 and opened for signature in Vilnius in September 2024. It is the first binding international treaty on the subject. It obliges the parties to ensure that activities across the life cycle of AI systems are consistent with human rights, democracy and the rule of law. It also requires measures on transparency, oversight, accountability and remedies.³ Switzerland signed the convention in March 2025. Its obligations apply mainly to public authorities, while the parties may decide how far to extend them to private actors, which gives the Swiss legislator considerable room to shape the implementation.⁴

For the financial centre, the Swiss approach has two consequences. Banks and insurers face no new horizontal licensing or conformity regime of the kind that the European Union has introduced. They remain subject to the expectations of FINMA, to data protection law and to the general rules of

civil and criminal liability. At the same time, the institutions that serve clients in the European Union or that sell AI-based products there must comply with European law, which means that the Swiss approach will in practice coexist with the AI Act in many of Basel's firms.⁵ Whether this coexistence becomes a competitive advantage or a source of friction is one of the uncertainties that the scenarios below consider.

1 Notes

1. Federal Council, press release of 12 February 2025 on the regulation of artificial intelligence, with the accompanying overview report of DETEC and the Federal Department of Foreign Affairs. Status to be verified. ↩
2. Federal Council, decision of 12 February 2025; status of the consultation draft on the implementation of the Council of Europe convention to be verified as of autumn 2026. ↩
3. Council of Europe Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law (CETS No. 225), adopted by the Committee of Ministers on 17 May 2024 and opened for signature on 5 September 2024. To be verified. ↩
4. Signature of the convention by Switzerland on 27 March 2025; on the scope of the convention for private actors, see Art. 3. Status of ratification to be verified. ↩
5. On the relationship between the Swiss approach and the EU AI Act for Swiss firms, see the overview report of DETEC of February 2025 and the commentary literature on the extraterritorial scope of the AI Act. Status to be verified. ↩

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