SWISS AI MAGAZINE

ISSUE #1

What are the leaders in the AI field up to?

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Unleashing the Future of AI

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EDITORIAL

Introducing the Swiss AI Magazine

Welcome to the inaugural issue of the **Swiss AI Magazine, the official publication of the Swiss AI Summit.** As artificial intelligence continues to redefine the boundaries of innovation, we are proud to introduce a magazine that not only reflects this dynamic transformation but also helps shape the conversations driving it.

At the heart of the **Swiss AI Magazine** is a simple, yet powerful ambition: **to give our partners, speakers, and thought leaders a voice –** and our readers a front-row seat to what AI pioneers are doing across sectors. This is not just a publication; **it's a platform** that brings together insights, breakthroughs, and visions of the brightest minds in the AI he field.

The Swiss AI Summit has stood out for its cross-industrial and interdisciplinary approach. It is where a healthcare researcher can exchange ideas with a financial technologist, where quantum physicists find common ground with legal experts, and where cybersecurity strategists can engage with industrial AI leaders. **In that same spirit, this magazine will traverse industries and disciplines – because we believe AI's most powerful ideas emerge when silos are broken.**

Each edition will spotlight key figures shaping the future of AI – entrepreneurs, experts, business leaders and innovators who are not only adapting to change but accelerating it. You'll discover how AI is being used to predict medical outcomes, defend against cyber threats, transform regulatory frameworks, optimize industrial processes, and open up entirely new frontiers through quantum computing.

In the pages ahead, you'll find deep dives into the current challenges and opportunities facing different industries, exclusive interviews with leading AI experts, and behind-the-scenes looks at projects that are pushing the limits of what's possible.

We invite you to explore, question, and connect.
Welcome to the Swiss AI Magazine – where industries meet, and innovation begins.

Timea Nagy

The Future of AI in Swiss FinTech:

SFTI's Scalable AI Framework

Artificial Intelligence (AI) is rapidly transforming the financial industry, unlocking new efficiencies, improving risk management, enabling innovative business models, and enhancing customer experiences.

For Swiss financial institutions, however, the scalable implementation of AI presents several significant hurdles, notably in areas of data security, interoperability, and practical integration into existing systems.

Recognizing these challenges, **Swiss FinTech Innovations (SFTI) has developed the "Scalable AI Framework**" – a strategic initiative providing Swiss financial institutions with a standardized and future-proof approach to AI adoption.

A Collaborative Approach to AI Innovation

SFTI, the leading industry association driving financial innovation in Switzerland, developed this AI framework with a clear mission: to **enable financial institutions to deliver practical, scalable, and innovation-oriented AI solutions.**

By fostering close collaboration among banks, insurers, technology providers, and academia, the project aims to eliminate fragmentation in AI adoption and establish a common foundation for responsible AI use in finance.

The Eastern Switzerland University of Applied Sciences (OST), specifically the Competence Center for Banking & Finance, played a pivotal role as an academic partner in this initiative.

SFTI

Key Features of the Scalable AI Framework

The framework specifically addresses the unique needs of the Swiss financial ecosystem through the following core principles:

- **Data Security & Privacy**: Ensuring robust data governance and employing privacy-preserving AI methods.
- **Interoperability:** Facilitating seamless integration of AI models across multiple financial institutions.
- **Ethical AI & Transparency:** Advocating fairness, explainability, and accountability in AI-driven decision-making.
- **Scalability & Flexibility:** Guaranteeing AI models can evolve in response to technological advances and shifting business requirements.

With standardized methodologies, governance principles, and established best practices, the framework allows financial institutions to adopt AI confidently, effectively managing risks.

Practical Use Cases: Transforming Financial Services

SFTI's AI framework is designed for immediate, practical application, focusing on tangible use cases, including:

- **Fraud Detection & Prevention:** Real-time analysis of transaction patterns to swiftly identify and prevent fraudulent activities.
- **Risk Assessment & Compliance:** Automating and enhancing risk evaluation processes in lending, insurance underwriting, and regulatory compliance reporting.
- **Operational Efficiency:** Streamlining back-office operations, reducing manual workloads, and accelerating decision-making processes.

The Future of AI in Swiss Finance

As AI technologies evolve, financial institutions must be ready for an increasingly data-driven, automated, and intelligent financial ecosystem. Key future trends include:

- **Hyper-Personalization:** Transitioning AI beyond general insights toward highly customized financial products, driven by real-time data analytics and behavioral analysis.
- **AI-Augmented Decision Making:** Rather than replacing human expertise, AI will enhance it, offering deeper insights and predictive analytics to financial professionals.
- **Embedded AI in Financial Services:** AI will become integral to financial offerings – from robo-advisory platforms to automated lending systems – thus democratizing intelligent financial services.
- **Quantum Computing & AI Synergy:** Combining AI with quantum computing could unlock unprecedented computational capabilities, revolutionizing areas like risk modeling, fraud detection, and complex financial scenario simulations.
- **Sustainable & Responsible AI:** There will be increased emphasis on aligning AI applications with ESG (Environmental, Social, Governance) criteria, ensuring sustainable and ethical AI deployment.

Join the AI Revolution in Finance

SFTI invites financial institutions, fintech companies, and technology leaders to engage with and contribute to the ongoing development of this framework. By adopting an open and collaborative stance, Switzerland can continue to maintain its global leadership in financial excellence, simultaneously embracing the immense potential of AI innovation.

For further details, the full AI framework report is available online at **www.sfti.ch**, offering comprehensive insights and guidance into leveraging and implementing AI-driven financial innovation for your institution.

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ESCAPING THE 85% FAILURE TRAP: BOOST YOUR AI WITH QUANTUM-ENHANCED TIME SERIES FORECASTING

Artificial Intelligence (AI) has sparked widespread enthusiasm, with business publications highlighting its potential to revolutionize industries. Yet despite this excitement, an IDC study shows that up to 85% of AI projects fail.

One major reason is that many companies choose the wrong projects or lack a clear business strategy. While tools like chatbots and "talk with your documents" AI can be impressive, they do not always offer the highest value in every situation. In many cases, enterprises would **benefit more** by focusing on **less flashy, higher-impact opportunities.**

Why Time Series Data Matters

A powerful yet often overlooked resource is **time series data.** This is simply data collected at regular intervals – such as temperature readings from factory sensors, daily sales for a retail chain, or website performance metrics tracked minute by minute. By analyzing how something changes over time, businesses can uncover patterns to forecast future events or make more informed decisions.

For instance, manufacturers can use time series data to predict when a machine might fail, helping them schedule maintenance more efficiently. Similarly, retailers can forecast product demand to manage inventory and staffing. When used properly, time series data becomes a valuable predictor of events, ensuring smoother operations and fewer surprises.

The Challenge of Robustness

Even when organizations harness time series data, they often struggle with maintaining model robustness. Robustness refers to how well an AI system can handle changes in the environment or in the data itself – an issue commonly called **data drift.** Imagine a factory AI trained on data from machines that operate at a certain speed and temperature. If the factory updates its equipment or reconfigures production lines, the original model may perform poorly because it no longer reflects the new conditions. **Data drift can also happen when markets shift dramatically, or consumer behaviors change. Unless your AI is designed to adapt to these changes, performance will likely deteriorate.**

Our Next-Generation AI Pipeline

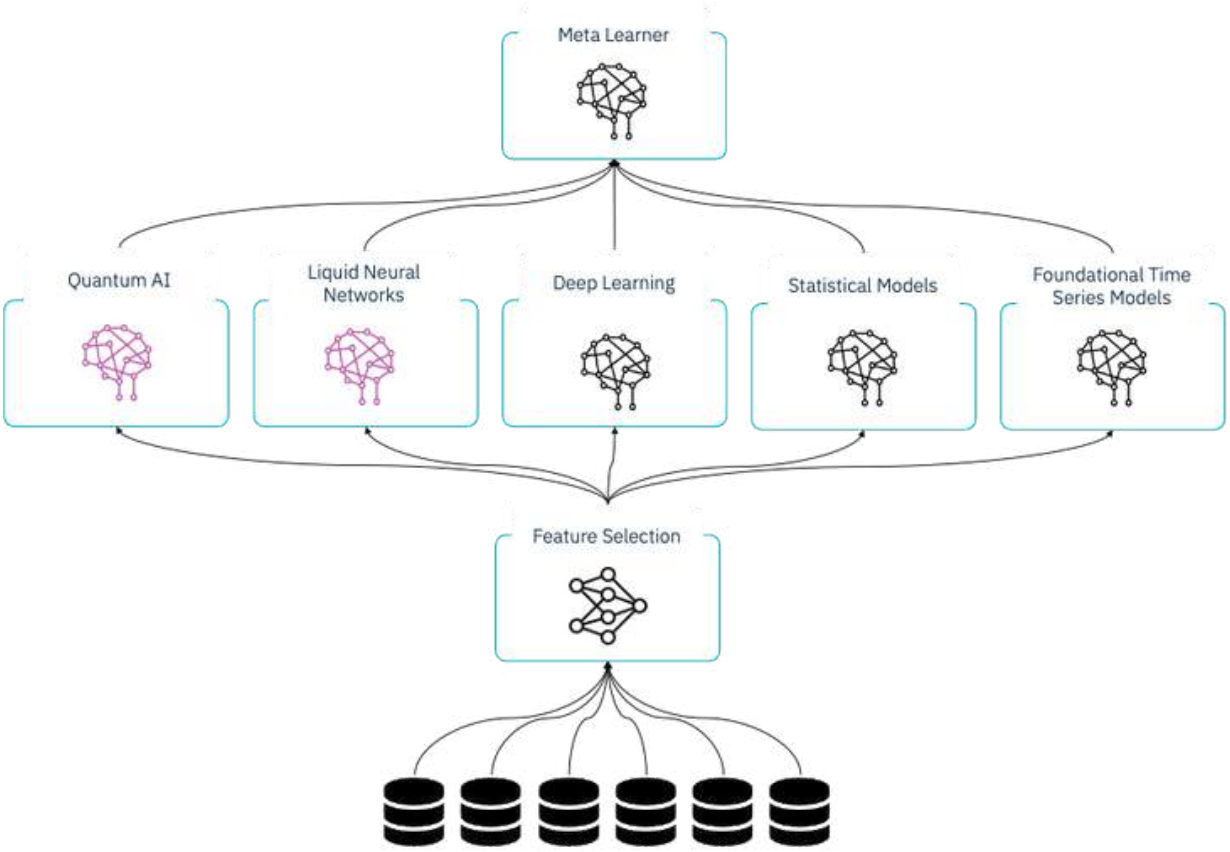
To address these challenges, our team at QuantumBasel created a state-of-the-art **AI pipeline that combines traditional AI methods with quantum computing,** an emerging technology that has captured global attention. Unlike classical computers, which store information in bits (either 0 or 1), **quantum computers use quantum bits (qubits) that can hold multiple states simultaneously**.

This allows them to handle certain types of complex computations far more efficiently. Although quantum computing is still evolving, it shows promise in optimization, cryptography, and advanced machine learning. **By integrating quantum algorithms into our pipeline, we can explore large solution spaces at speeds** that would be impractical with standard methods, potentially giving companies a significant edge in tackling complex forecasting or optimization problems.

Meta Learning Explained

Another key component of our pipeline is **meta learning**. Traditional AI often relies on a single model. Meta learning, however, uses a "coach" approach, where multiple models – each with its own strengths – are evaluated and combined.

Instead of betting everything on one method, you have a system that adapts and picks the best approach over time. Think of it as assembling a team of specialists rather than relying on one expert. This boosts resilience because if conditions change and your main model falters, you can quickly shift to another that handles the new scenario better.



OUR AI META LEARNER APPROACH WITH QUANTUM COMPUTING

QuantumBasel
Center of Competence for Quantum Computing and AI

An Industry Success Story

This approach can apply to almost any sector because time series data is everywhere. In a recent collaboration, we helped an energy company **improve its demand forecasting by up to 24% compared to traditional AI solutions.**

Energy providers need to predict fluctuations in usage accurately, as overestimates or underestimates can lead to wasted resources or insufficient supply. By using a meta learning strategy and weaving quantum algorithms into the mix, we boosted the reliability and accuracy of the forecasts, delivering tangible business value.

Moving Forward

The benefits of AI are real, but the path to success can be tricky. Many projects fail because they are either misaligned with business objectives or cannot adapt to changing data. Focusing on time series data, investing in robust AI strategies, and exploring cutting-edge innovations like quantum computing can unlock substantial rewards. Meta learning offers a flexible way to hedge against rapid shifts in data while maximizing performance.

If you want to learn more about how these advanced techniques could elevate your own organization's forecasting or operational efficiency, we invite you to get in touch.

Whether you are in manufacturing, retail, energy, or another industry, time series data combined with state-of-the-art AI can help you anticipate risks, optimize processes, and stay ahead of the competition. Let us show you how an adaptive, quantum-enhanced AI pipeline and meta learning can yield real, measurable improvements – just as it did for our industry partner. Reach out today, and let's tailor this powerful approach to your specific needs.

QuantumBasel
Center of Competence for Quantum Computing and AI

17 Nov I Park Hyatt Zürich

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THE **FIVE TRUTHS OF AI:** 2025 PERSPECTIVE

In the last three years, we've witnessed transformative technological progress and mainstream adoption of AI. What began as a technological revolution has now become an essential business component. AI is no longer coming—it's firmly embedded in how we work and interact in both professional and private contexts.

As organizations have moved beyond initial experimentation to systematic implementation, we've gained clarity on what makes enterprise AI adoption successful. **Let's explore the evolved "5 Truths of AI" that have emerged in 2025.**

Leverage the Multi-model Ecosystem

The multi-model approach has become standard practice, with enterprises strategically deploying combinations of commercial, open-source, and specialized AI models. The Hugging Face repository now hosts over 1.5 million models, confirming our earlier prediction that "**not one model will rule them all**." Organizations have developed sophisticated frameworks for matching specific AI models to particular use cases and business requirements.

GEORG OLOWSON | IBM

RAG (Retrieval Augmented Generation) patterns have evolved beyond their initial implementations and are now accessible through no-code interfaces that business users can configure independently. With the AutoRAG functionality in watsonx.ai the system will automatically propose the best RAG pattern for the usecase.

The challenge of contributing to Large Language Models (LLMs) has been addressed through innovations like InstructLab 2.0, available in watsonx and Github, which has become the industry standard for adding domain-specific "skills" to foundation models without rebuilding or retraining.

This technology has enabled unprecedented customization of AI for enterprise-specific domains, allowing organizations to incorporate proprietary knowledge and processes while maintaining model governance.

MULTI-MODEL ECOSYSTEM

SCALE FOR VALUE

AUTOMATING AI GOVERNANCE

HYBRID CLOUD FOR SOVEREIGNTY

DATA MATTERS

Scale for Value

The balancing act between model performance and cost-effective inference has become more sophisticated. Leading organizations now use AI resource optimization platforms that automatically select the most efficient model for each task while maintaining quality thresholds, we do this with our AI evaluation studio in watsonx.ai. Smaller, purpose-built models have proven their effectiveness, with enterprises routinely **achieving 50-70x cost savings compared to using general-purpose large models for every application.** The trend toward specialized models that are "fit for purpose" has accelerated, with the open-source ecosystem flourishing around Meta's Llama 3, Mistral, and IBM's Granite models, and other efficient model families designed for specific enterprise applications.

Automating AI Governance

AI governance has transitioned from aspiration to implementation, **with 85% of enterprises now operating under formal AI governance frameworks**. These frameworks have moved beyond risk mitigation to become enablers of responsible innovation. Modern AI governance systems like watsonx. governance need to provide: automated risk detection and mitigation; continuous monitoring of AI models throughout their lifecycle; and seamless compliance with internal policies and regulations like the fully implemented EU AI Act and emerging global standards.

The concept of "**governance by design**" has become the gold standard, with AI development platforms incorporating governance checkpoints and automated compliance verification. This approach has transformed AI governance from a potential productivity burden to a competitive advantage, allowing organizations to deploy AI solutions faster while maintaining trust and compliance across hybrid cloud environments.

Hybrid Cloud for Sovereignty

The flexibility to run AI anywhere has become essential for enterprise-wide adoption. Organizations now employ sophisticated AI orchestration **platforms like watsonx.ai that dynamically deploy models across on-premises infrastructure, multi-cloud environments, and edge devices based on performance requirements, data locality, and compliance considerations.**

The "**AI at the edge**" trend has accelerated, with specialized hardware enabling powerful inference capabilities on end-user devices, reducing latency and addressing privacy concerns. This distributed approach has become particularly critical as AI becomes embedded in core business processes that cannot tolerate downtime or connectivity issues. The maturation of Swiss sovereign AI providers has created viable options for regulated industries, combining compliance with the performance needed for enterprise-scale deployments – many Swiss companies choose to leverage IBM´s Fusion Appliance for AI with GPUs and install watsonx on top, fully leveraging the AI potential within their own premises.

Data Matters

While only 1% of enterprise knowledge is trained in the large foundation models, the quality and governance of this data have become the primary differentiators of successful AI implementations. Organizations have moved beyond simple RAG approaches to develop sophisticated enterprise knowledge graphs that connect structured and unstructured data sources.

Leading models like IBM's Granite now profit more sophisticated data filtering techniques, reducing training data, while improving performance by selectively focusing on high-quality, representative content. At the same time IBM has completely open-source the Granite models under Apache 2.0 license and also open-sourced all training data, called IBM GneissWeb. The industry has recognized that competitive advantage comes not just from having access to foundation models, but from having better data governance practices that ensure AI systems operate on high-quality, compliant, and representative information.

Summary

The path to enterprise AI maturity has proven to be multidimensional, requiring excellence across model selection, cost optimization, governance implementation, infrastructure flexibility, and data management. **Organizations that have successfully addressed these "5 Truths of AI" have moved beyond isolated use cases to achieve true enterprise transformation.**

As we look ahead, the pace of AI evolution continues to accelerate, but the fundamental principles outlined here provide a stable foundation for sustainable innovation that delivers both business value and societal benefit.

AI AS THE BRAIN OF TOMORROW'S **FINANCIAL SYSTEM**

Artificial Intelligence is emerging as a central force in reshaping the future of finance. In January 2025, the **Swiss Financial Innovation Desk (FIND)** published **Pathway 2035 for Financial Innovation – Your Navigator** (**"Pathway 2035"**)

A forward-looking guide developed in collaboration with experts from government, academia and industry. Building on the foundational ideas laid out in the **Bank for International Settlements' working paper Finternet: The Financial System for the Future** by Agustín Carstens and Nandan Nilekani, the publication expands the vision of a globally interconnected financial ecosystem.

FIND's Pathway 2035 identifies four major technological vectors that will drive this transformation: digital trust, digital assets, quantum-safe technologies... and artificial intelligence.

These technological trends capture both the disruptive potential and the systemic implications of innovation, calling for coordinated, inclusive and forward-thinking approaches to financial governance.

The chapter dedicated to artificial intelligence explores how intelligent systems are transforming financial services through greater efficiency, personalization and resilience. It reflects not only in-depth research and expert consensus, but also real-time feedback from the field. While the final version of the **Pathway 2035 was published in January, many of its thesis statements were presented and discussed in November 2024 during a dedicated workshop held by Eva Selamlar, Head of FIND, at the AI Summit.**

This session offered a unique opportunity to engage stakeholders from diverse backgrounds, policymakers, innovators and researchers, in an open dialogue about the strategic directions Europe and Switzerland should pursue in the global AI race. The feedback shared during this workshop was instrumental in refining the final content of Pathway 2035.

WORKSHOP INSIGHTS

swiss financial innovation desk

EUROPE'S STRATEGIC POSITIONING IN THE GLOBAL AI RACE

The workshop was structured around two questions: How can Europe carve out a competitive advantage between the dominance of China and the United States in AI? And what specific strategies or investments should Europe prioritize to leverage its unique strengths?

Participants highlighted both the richness and complexity of Europe's internal diversity. While the European Union has taken the lead in global conversations on AI ethics and regulation, it remains fragmented in terms of policy implementation and market integration. This diversity, though a cultural asset, presents real obstacles when trying to scale innovation or establish unified frameworks. There was strong consensus that the European Union should not overregulate and thereby stifle or even kill technological innovation.

Education emerged as well as a central theme. As generative AI becomes more accessible, participants argued that AI literacy should become a foundational skill, a necessary competence like having a driver's license. In this context, schools could (or should) integrate AI and digital skills into the mandatory curriculum to ensure that future generations are equipped to navigate an AI-driven world.

Understanding how to interact safely and effectively with AI is no longer optional. In parallel, human-AI interaction is evolving: traditional prompting and coding are being replaced by more intuitive interfaces. Articulating needs clearly and interpreting machine-generated responses will become essential for navigating AI-enhanced systems.

The conversation also turned to structural challenges, in particular the difficulty of retaining talent and scaling innovation within Europe. Many start-ups face limited access to funding or infrastructure and are often acquired by foreign investors, particularly from the U.S., before reaching maturity. Researchers, too, frequently leave for better-resourced institutions abroad. Participants called for a more robust and coordinated investment ecosystem capable of supporting a sovereign, competitive European AI landscape.

These discussions echoed and reinforced the broader ambitions of Pathway 2035, confirming the need for coordinated action – in policy, education and investment – as well as a shared vision grounded in public trust and long-term responsibility.

EVA SELAMLAR | FIND

GLOBAL APPROACHES AND SWITZERLAND'S HYBRID MODEL

At the global level, Pathway 2035 outlines three dominant approaches to AI. The United States promotes a market-driven model that favours speed and entrepreneurship with limited regulatory barriers. China takes a state-coordinated route, aligning AI development with national priorities and exercising strict oversight. The European Union is building a rights-based framework, rooted in ethics, risk classification and accountability.

These differing philosophies carry real consequences, influencing how data is governed, how innovation is financed, and how trust is cultivated. Pathway 2035 stresses the importance of understanding these models in depth and calls for greater international alignment to prevent regulatory fragmentation and ensure secure, interoperable systems.

Switzerland is carving out its own path. In February 2025, the Federal Council confirmed its intention to ratify the Council of Europe's Convention on Artificial Intelligence and to integrate it into national law. The ratification then took place in March 2025.

Rather than applying a blanket approach, Switzerland will pursue targeted legislative amendments in key sectors such as healthcare and mobility, alongside cross-sectoral provisions on data protection, transparency and non-discrimination. This legal framework will be complemented by non-binding tools – including self-regulatory codes and industry standards – allowing for a flexible yet robust governance model.

This dual-track approach reflects Switzerland's ambition to remain a global leader in innovation while reinforcing its commitment to human rights and public trust. It offers a strategic blend of legal certainty and adaptive implementation.

From vision to action

As AI embeds itself into the architecture of the global financial system, Pathway 2035 serves as both a compass and a call to action. It reminds us that the future of finance will not be determined by technology alone, but by the frameworks, choices and values we establish today. Aligning innovation with purpose, inclusion and trust is not just a strategic imperative – it is the condition for a truly resilient and forward-looking financial ecosystem.

SWITZERLAND AS A DRIVER OF AI-POWERED FINANCIAL INNOVATION

Pathway 2035 also highlights Switzerland's distinctive assets. **Studies** estimate that full-scale adoption of AI across sectors could add up to CHF 85 billion – or 11% – to national GDP over the coming years. AI is not only a driver of productivity and profitability, but also a lever to address structural challenges such as labour shortages, climate transition and research competitiveness.

Switzerland's academic and technological infrastructure is world-class. Institutions like **ETH Zurich** and the **Swiss National Supercomputing Centre** provide the backbone for cutting-edge research. The recent arrival of global AI players such as **OpenAI** and **Anthropic** in Zurich only strengthens this positioning. To maintain its edge, however,

Switzerland must continue investing in AI infrastructure – including computing power and the development of locally hosted large language models – as part of a broader strategy for digital sovereignty.

Switzerland is also expanding its global influence through AI diplomacy. The **International Computation and AI Network (ICAIN)**, supported by the Federal Department of Foreign Affairs, connects AI capabilities with sustainable development research across Europe and Africa.

With access to two of the world's most powerful supercomputers and a growing international network, ICAIN embodies how Switzerland merges technical expertise with multilateral engagement.

SUMMARY OF THE PANEL DISCUSSION: **“CAN TECHNOLOGY SAVE THE PLANET?”**

How Can AI Be Leveraged to Address Global Challenges and Promote Sustainability?

As climate change accelerates and resource efficiency becomes a global imperative, leaders across technology, finance, and governance are asking the same question:

Can artificial intelligence help us build a sustainable future?

At a recent panel titled Experts from the United Nations' ITU, Nvidia, and S&P Global gathered to explore the **potential and limitations of AI in solving our most pressing environmental challenges.**

From Standards to Solutions

The International Telecommunication Union (ITU), a UN agency, is laying the groundwork by developing **two sets of AI-related standards. One aims to** reduce the environmental impact of AI systems themselves. **The other** is focused on harnessing AI for real-world environmental applications, from tracking emissions to predicting natural disasters.

But to unlock AI's full potential, global inclusion is critical. As the ITU pointed out, **2.4 billion people remain offline,** unable to participate in or benefit from the AI revolution. Their roadmap centers on three pillars: expanding digital connectivity, closing the AI skills gap, and democratizing access to data and computing power.


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Rethinking Computing: Efficiency at Scale

While AI is often criticized for its massive energy appetite, Nvidia's perspective is counterintuitive but compelling: **Smarter computing is greener computing**. Traditional data centers, which mostly rely on CPU-based architecture, are highly inefficient. **By shifting just 20–30% of workloads to accelerated computing using GPUs and other high-efficiency processors, data centers can reduce energy use dramatically.**

"*A task that needs 300 CPU servers might need only 2–3 GPU-based servers. The power per unit may be higher, but the net energy savings are enormous*." This shift is already transforming sectors like automotive, where AI powers everything from in-car assistants to autonomous driving models.

The Financial Factor: ESG Meets AI

With 70% of consumers reportedly willing to boycott companies lacking environmental or social integrity, Environmental, Social, and Governance (ESG) strategies are now business-critical. AI enables more accurate ESG scoring, improves climate risk modeling for insurers, and even helps individuals align their investments with personal sustainability goals. **Financial institutions, must take a long-term view, leveraging AI to not only drive profits but also social and planetary good.**

The Data Center Dilemma

The green promise of AI faces real obstacles. Data centers could double their energy use by 2030, threatening sustainability progress. Even with 62% of their energy currently sourced from renewables, AI-driven demand is rising fast. Cooling alone consumes nearly 40% of total data center energy, posing both environmental and health concerns. While AI is helping to optimize systems like HVAC and water use, efficiency gains are plateauing. Some companies are exploring natural gas and even nuclear micro-reactors to meet future energy needs, a controversial but increasingly realistic shift.

The Jevons paradox looms: the more efficient the tech, the more we tend to use it.

Elena Enache
Global Growth and Innovation Consultant

Carmina Jaro
Senior Advisor for Applied AI Solutions

Cornis Van Der Lugt
Senior Manager
S & P Global

Guillem Martínez Roura
AI and Robotics Programme Officer | United Nations' ITU

Marc Stampfli
Business Director Switzerland
NVIDIA

The Human Impact: AI's Social Side

Beyond environmental concerns, the panel highlighted pressing social challenges posed by AI.

These include:

- Inclusion in algorithm and chatbot design
- Data privacy breaches
- The mental health impact of hyper-personalized AI interactions, especially on younger users

"AI should never replace human judgment where it matters," one speaker cautioned. Instead, the vision is a future where **humans manage 10 to 15 personal AI agents** across home and work, with technology firmly under human control.

Earth Two and the Future of AI

One of the most ambitious projects discussed was **Earth Two, a digital twin of the planet built using real-time environmental data.**

With simulations at a 2-kilometer scale, it's designed to model global climate systems and improve prediction of extreme weather events. Powered by accelerated computing and AI, it's a case study in how tech can serve the planet, not just business.

A Call for Global Collaboration

The message from the panel was clear: **AI alone won't save the planet,** but it can be a powerful tool if wielded wisely. That means inclusive policies, responsible innovation, cross-sector partnerships, and long-term thinking.

Sustainability is no longer a side project. It's a business, societal, and moral imperative.

INTERVIEW WITH **AUGUST BENZ**

August Benz, Ph.D. HSG, Head of International and Transformation, Deputy CEO of the Swiss Bankers Association (SBA), discusses the development of artificial intelligence (AI) and the importance of fostering an innovation-friendly environment.

How does SBA assess the adoption of AI in financial services?

AI holds great potential to improve our industry by boosting operational efficiency, increasing employee productivity and improving customer experience. However, integrating AI into business processes and client offerings comes with a learning curve, particularly within Switzerland's diverse banking landscape, which includes institutions of varying sizes and specialties. Each bank must navigate its unique path in combining cloud and AI technologies and tools, while also focusing on mitigating risks such as data privacy concerns, regulatory compliance, and cybersecurity threats.

Do you believe banks risk obsolescence if they don't adopt AI promptly?

Banks have already successfully used AI techniques like machine learning . I don't foresee banks disappearing overnight for not acting swiftly in this new hype cycle. **Integrating AI into banking isn't about rushing to embrace the latest technology; it's about incorporating it meaningfully into business strategies and processes**. Nevertheless, late movers will increasingly find themselves at a competitive disadvantage, as AI users tend to be more productive than non-users. Hence, embracing AI is vital to harness the benefits of this technology while ensuring a secure, compliant and trustworthy implementation.

What role does the SBA play in facilitating AI adoption?

Our mission is to enable and support the use of technology across the financial sector. **Thus, we published a comprehensive overview to assess the impact of GenAI on banks.** By collaborating with a broad range of stakeholders and advocating for AI-friendly framework conditions, we aim to ensure that Switzerland remains at the forefront of financial innovation.

Swiss Banking

THE PAYPAL FOR **AI AGENTS**

AI is no longer just a tool. It is becoming an independent force capable of making decisions, executing tasks, and even transacting on its own. But while AI agents can generate insights, automate marketing, and even manage financial data, they are missing a crucial component: the **ability to interact seamlessly with other AI agents** in a way that is secure, transparent, and efficient.

This is where Masumi steps in, positioning itself as the "PayPal for AI agents", enabling these digital entities to collaborate and monetize their services autonomously.

masumi

Masumi is more than just a payment system

The project was born out of the Serviceplan Group, specifically its digital arm, **Plan.Net, which launched its first AI agents in October 2024.** These AI-driven solutions were designed to automate essential marketing tasks such as research, content creation, brand compliance monitoring, and data analysis. The response was overwhelming, with over 100 companies expressing interest in integrating these AI agents into their workflows almost immediately.

The enthusiasm surrounding Plan.Net's AI agents highlighted a major gap in the market. While AI agents were becoming more capable, they lacked a standardized way to collaborate, trust each other, and get paid for their services. **Recognizing this challenge, Sebastian Küpers, Chief Transformation Officer at Plan.Net, articulated a bold vision:**

"WE WANT TO BUILD THE PAYPAL FOR AI AGENTS."

At its core, Masumi is solving several fundamental problems that have long hindered the widespread adoption of AI agents in real-world business operations. The first challenge is monetization. Until now, AI agents have largely functioned within closed systems, benefiting the companies that built them but struggling to interact financially with external AI solutions.

Masumi provides a secure and decentralized payment infrastructure, allowing AI agents to charge for their services and process transactions autonomously, just as human freelancers or businesses would.


Masumi is a decentralized protocol that provides AI agents with verified identities, transparent transaction tracking, and the ability to discover and interact with one another.
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At its core, Masumi is solving several fundamental problems that have long hindered the widespread adoption of AI agents in real-world business operations. The first challenge is monetization. Until now, AI agents have largely functioned within closed systems, benefiting the companies that built them but struggling to interact financially with external AI solutions. Masumi provides a secure and decentralized payment infrastructure, allowing AI agents to charge for their services and process transactions autonomously, just as human freelancers or businesses would.

Another key issue is trust. AI agents operate in an environment where verification is essential. Just as online marketplaces require identity verification for buyers and sellers, AI agents also need a way to prove their legitimacy. Masumi introduces a system where each AI agent is assigned a decentralized, verifiable identity, ensuring that interactions are secure and trustworthy. This eliminates the risk of fraudulent AI entities and allows businesses to confidently integrate AI solutions from external providers.

Beyond trust and payments, Masumi is addressing transparency. One of the most significant challenges with AI decision-making is the lack of accountability. Many AI systems operate as "black boxes," making it difficult for businesses to understand why certain decisions are made.

Masumi integrates on-chain decision logging, creating an immutable record of AI interactions. This ensures that all actions and transactions taken by AI agents can be traced and audited, providing businesses with the confidence that their AI-driven processes are operating fairly, ethically and regulatory compliant.

One of the most compelling use cases is in the travel and hospitality sector. Imagine planning a vacation using AI agents. Instead of manually searching for flights, hotels, and personalized itineraries, Masumi enables AI agents to communicate, negotiate, and book services on behalf of the traveler. A customer data AI agent analyzes past travel preferences, a booking AI agent secures the best deals, and a customer engagement AI ensures a smooth experience through automated yet personalized communication. With Masumi, these AI agents can transact seamlessly, exchanging services without human oversight.

The implications of Masumi's vision extend far beyond marketing and travel. In finance, AI agents could autonomously manage investments, execute trades, and offer advisory services. In healthcare, AI could handle patient data securely, book appointments, and ensure compliance with regulations. In logistics, supply chain AI agents could negotiate prices, optimize routes, and manage inventory without human intervention.

Masumi is not just about making AI smarter: It's about making AI self-sustaining.

By giving AI agents the ability to transact, verify identities, and collaborate, Masumi is unlocking a new era of digital commerce, one where AI-powered businesses no longer require human intermediaries to function.

The AI economy is here, and Masumi is at the forefront of shaping its future. Those who embrace this decentralized ecosystem today will be the pioneers of a world where AI agents don't just exist: They thrive.

For more information about Masumi and how you can be part of the AI revolution, visit masumi.network.

masumi

SHAPING THE FUTURE: **AI FOR GOOD GLOBAL SUMMIT 2025 AS THE UN'S PREMIER FORUM FOR AI INNOVATION**

From **July 8 to 11, 2025, Geneva will host the AI for Good Global Summit**, a major international event organized by the International Telecommunication Union (ITU) and co-convened with the Government of Switzerland. Taking place at Palexpo, the city's **largest exhibition and conference centre, the summit is recognized as the United Nations' primary platform for collaboration on artificial intelligence (AI).**
As AI technologies continue to evolve at a rapid pace, the 2025 summit will gather a wide range of stakeholders, ranging from governments, industry leaders, researchers, startups, and civil society, to explore how AI is shaping markets, public services, and cross-border innovation. This event is intended to encourage both strategic alignment and practical dialogue around AI deployment and investment worldwide.

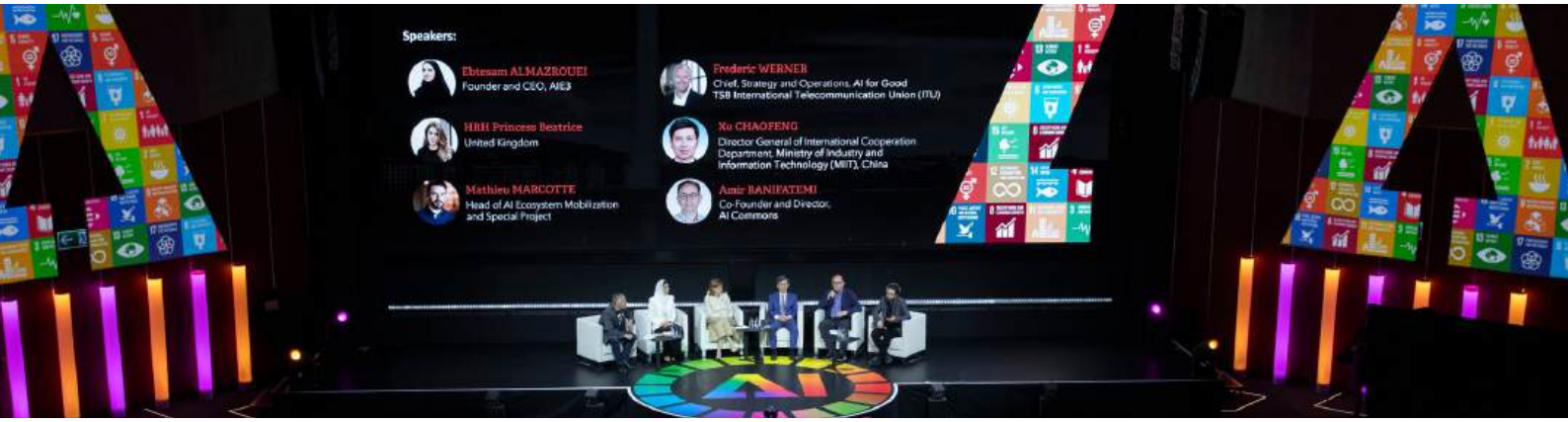
The AI for Good Global Summit is designed to provide both high-level discussions and applied use cases, drawing on the ITU's coordination with over 40 UN partner agencies and 194 Member States.

This year's edition is set to welcome **more than 10,000 in-person attendees** and engage a larger virtual community through the AI for Good Neural Network, **a global online platform which has grown to over 35,000+ participants.** The event is expected to feature more than **200 exhibitors** and **1'000 speakers** and a broad agenda of keynotes, technical workshops, startup demos, and interactive challenges.

A PLATFORM FOR GLOBAL LEADERSHIP IN AI

Participants will include senior policymakers, technology executives, R&D leaders, and institutional investors. Together, they represent a cross-section of those shaping AI at scale, across national strategies, private enterprise, and international governance dialogues.

As AI technologies continue to evolve at a rapid pace, the **Global Summit on 8-9 July** brings together global leaders to explore AI's potential in addressing global challenges, including a full day devoted to **AI Governance Dialogue on 10 July** that will facilitate exchanges between key stakeholders on effective approaches to AI governance. Then, the **AI Standards Exchange on 11 July**, organized in partnership with the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), will focus on the future trajectory of AI and how to develop technical standards to create more opportunities for innovation worldwide.



Focus on innovation, investment, and application

A central theme of **this year's summit is the continued growth of AI investment and commercialization**. Now that AI has made a mainstay in people's lives, from foundation models to industry-specific tools, AI adoption is accelerating across sectors, and the summit serves as a space to explore where this investment is heading next.

Key programme features include:

- **Innovation Factory Grand Finale:** Global startups will pitch AI solutions in automation, decision intelligence, and infrastructure optimization to investors and partners, competing for funding and strategic support.
- **AI for Good Impact Awards:** In partnership with Tech To The Rescue, this award honors innovative AI solutions that drive global progress.
- **Youth Zone & Robotics for Good Challenge:** Expanded for 2025, the Youth Zone offers AI and robotics workshops for ages 7–18. The Robotics for Good Youth Challenge Grand Finale features finalists from 40+ countries presenting disaster management solutions.
- **AI for Good Film Festival:** An international competition showcasing films that use AI creatively while promoting solutions to global challenges.

A uniquely Swiss angle

Another key aspect of the summit is its uniquely Swiss input. As the cradle of European entrepreneurship, Switzerland offers its most ambitious and brilliant minds a unique chance to showcase their skills. AI for good builds on this promise of entrepreneurial spirit, allowing Swiss startups and AI projects to gain global exposure and showcase their innovations.

Furthermore, the aforementioned program features provide an attractive opportunity for Swiss startups in particular to be represented on the global stage.

Introducing Quantum for Good

A major new addition to the 2025 summit is the launch of **Quantum for Good, an ITU initiative aligned with the International Year of Quantum Science and Technology.**

While AI continues to scale, quantum technologies are emerging as a complementary force in computing and simulation. The Quantum for Good programme will explore how quantum advancements could support progress in pharmaceutical research, financial modelling, encryption, and scientific computing—areas where AI and quantum are increasingly converging.

This initiative includes technical briefings, joint panels with AI developers, and sessions on governance frameworks for emerging technologies. As with AI for Good, the goal is to build international understanding and cooperation around pre-competitive quantum research and policy.

Stay connected
To explore the full programme, register, or engage with the community:
aiforgood.itu.int/summit25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THROR

AI ETHICS FOR ENTREPRENEURS: BUILDING RESPONSIBLE AI PRODUCTS

Artificial intelligence (AI) is an integral part of modern entrepreneurship. Along with the great opportunities, AI brings legal and ethical challenges that entrepreneurs need to navigate thoughtfully.

Regulators, investors, employees, and customers are all paying closer attention to how AI is deployed. **Ethical missteps can result not only in compliance risks, but also in reputational damage**. When formulating an AI policy, companies should adhere to the guidelines established by the EU AI Act and data protection law. Here are **six key areas every companies should understand when thinking about AI ethics** in their business.

1. Responsible Data Use: Ethics Meets Compliance

Most AI systems are only as good as the data they are trained on. For **entrepreneurs**, this raises two critical questions: **where does the data come from**, and **how is it being used**?
Under Swiss data protection law (FADP) and the EU's GDPR, businesses must ensure that **personal data used for AI purposes is collected transparently, used proportionally, and stored securely**. **Consent**, **anonymisation**, and **purpose limitation** are not just legal terms, they are **ethical cornerstones of responsible AI**.

Key takeaway: Before deploying AI, assess whether your data sources are compliant, especially if you are using personal or sensitive data. This applies even when using off-the-shelf AI tools from third-party vendors.

2. Fairness and Bias: Avoiding Ethical Blind Spots

AI systems can unintentionally reinforce or amplify biases present in their training data. This can lead to unfair outcomes in hiring, lending, pricing, or even customer support, areas that many mid-sized firms are already automating.

Discrimination, even if unintentional, can trigger legal action and erode trust with customers and employees. More importantly, ethical entrepreneurship means building products and processes that work for all groups of society.

Key takeaway: Regularly **audit your AI systems for bias**. **Ask vendors how their tools are trained and tested for fairness.** In high-risk areas (like HR), consider involving external reviewers or ethics advisors.

3. Transparency and Explainability: Building Trust

"**Black box"** AI, systems that make decisions without explaining how, pose a serious challenge to transparency. Yet customers, employees, and regulators increasingly expect A**I decisions to be explainable and traceable.**

In sectors like finance, healthcare, and insurance, explainability will become a legal requirement under forthcoming EU AI rules. Even where not legally required, a lack of transparency can hinder user adoption and create friction in internal processes.

Key takeaway: Opt for AI systems that allow some level of explanation and auditability. Make sure employees understand how decisions are made, especially in customer-facing or sensitive applications.

4. Accountability and Governance: Who's in Charge?

When AI causes harm, for example an incorrect automated decision or a privacy breach, who is accountable? **In Switzerland, the legal responsibility typically rests with the company deploying the AI, not the software vendor.**

This means setting clear lines of responsibility internally. Who approves the use of AI? Who reviews the outputs? Are ethics or compliance teams involved early enough in the process?

Key takeaway: Treat **AI governance as part of your core risk management. Consider appointing a responsible person (e.g., a CTO, CDO, or legal counsel) to oversee AI ethics and align your company's use of AI with its values and legal obligations. Implement a clear AI Policy for the use of AI.**

5. Human Oversight: Drawing the Right Boundaries

Even the best AI systems make mistakes. Ethical entrepreneurs know where to keep a human in the loop, especially when decisions significantly impact individuals or involve value judgments.

Automation should augment human decision-making, not replace it entirely. For instance, AI can help shortlist job applicants, but a human should still review and interview. In customer service, AI chatbots can triage queries, but escalation to a person should remain possible.

Key takeaway: Identify where human oversight is critical in your workflows. Build in review mechanisms, especially in sensitive or high-impact use cases.

6. Copyright Compliance: Navigating Intellectual Property Rights

AI models are trained on large datasets, some of which may include copyrighted materials. Understanding how copyright law applies to AI-generated outputs and training datasets is crucial.
With rapidly evolving case law and regulatory guidance, companies must stay informed about copyright developments. Entrepreneurs should carefully evaluate how providers of underlying AI models handle copyright compliance, including whether they have obtained necessary licenses or are involved in legal disputes.

Key takeaway: Regularly monitor developments in copyright law related to AI. Verify how AI vendors or model deployers address copyright issues in their datasets and generated content to mitigate legal risks and maintain ethical standards

Ethics as a Business Advantage

Ethical AI is not just about compliance, it is about **competitiveness**. Swiss businesses that lead with transparency, fairness, and accountability are more likely to earn customer trust, attract top talent, and avoid regulatory setbacks.

To effectively address these ethical challenges, the European Union's AI Act provides a valuable roadmap. Although designed specifically for the EU market, its principles offer universally applicable insights that will benefit any startup or SME looking to develop responsible AI solutions.

Conclusion

Ethics as a strategic advantage. As AI becomes an increasingly integral part of the business landscape, companies should view ethics not as a barrier, but as a strategic advantage. Using the EU AI Act and data protection law, companies can confidently navigate complex ethical landscapes and implement an AI policy that is guiding all the employees to act in the interest of the company and society. Those companies that prioritise ethical AI development will not only avoid pitfalls, but also seize greater opportunities, positioning themselves as leaders in the responsible use of powerful, transformative technologies.

UNLOCKING **GENERATIVE AI** IN FINANCE

Leveraging Lessons Learned by Solving Complex Data Challenges for Central Banks and Government Authorities

The AI revolution is here – or so we're told. Yet, while the technology's potential is undeniable, most **enterprises seem stuck in pilot mode, unable to push GenAI beyond controlled experiments.**

Across sectors, adoption has been largely confined to trials and proof of value experiments. Even Accenture, the global consulting powerhouse, reported that the bulk of its over one billion US dollars in GenAI projects came from pilots, not full-scale implementations.

Yet there are notable outliers: pioneering financial institutions that are safely leveraging generative AI at scale. They enhance decision-making with insights from enterprise data, streamline operations by automating workflows, and grow revenues by accelerating investment due diligence and risk assessment. At Squirro, we've had a front-row seat to their success, powered by our enterprise GenAI platform.

In this article, we explore **key lessons** we learned while solving complex data challenges for central banks and government authorities – lessons that played a crucial role in helping us **unlock the true value of generative AI in this demanding sector.**

A Sprawling GenAI Provider Landscape

GenAI truly went mainstream with the public launch of ChatGPT in 2022. Since then, a cottage industry of GenAI providers has emerged, targeting specific use cases and audiences. Meanwhile, industry giants like Microsoft and Intel have introduced their offerings, catering to an eager market. IDC, a global market research, analysis, and advisory firm, **expects spending on GenAI to outpace the broader AI market, with a projected five-year CAGR of 59.2%, reaching $202 billion by 2028.**

BFSI's Cautious Approach

But **within the banking, financial services, and insurance sector,** GenAI's transformational potential has been tempered by real-world risks. The sector's reliance on personal data and its harsh regulations have led to heightened expectations of CISOs and their peers:

- **Privacy:** Financial institutions are obliged to protect customer data at all costs, as data breaches can lead to significant financial losses, reputational damage, and legal penalties.
- **Security:** In BFSI, the integrity of all elements of the IT system is critical. A single vulnerability could compromise entire systems, with potentially ruinous consequences.
- **Accuracy:** Financial decisions are grounded in rigorous data analysis. Interpretation errors can lead to misguided strategies, poor execution, and financial losses.
- **Flexibility:** GenAI deployments are rarely greenfield operations but need to integrate into existing infrastructure. This requires versatile, LLM-agnostic platforms that connect easily with existing data sources.
- **Scalability:** Financial institutions deal with massive volumes of data. GenAI solutions need to be able to be scalable to meet growing data volumes and new use cases without compromising privacy, security, accuracy and cost-effectiveness.

The industry's prudence has been well-founded. Checking all of these boxes while delivering workable solutions on time and to budget has proven to be such a formidable challenge that, as of now, only few GenAI providers have come close.

DORIAN SELZ | SQUIRRO

Squirro's Journey From Enterprise Search to GenAI

As the broader industry raced to catch up with GenAI, Squirro had a head start, having spent the decade preceding its public launch diligently solving what has since become the core challenge of **enterprise-grade AI: accurate, secure, and permissions-enabled enterprise search.**

Each successive project – carried out with leading governmental regulators, national banks, and financial service providers – further refined our offering, ironing out wrinkles in search optimization, information retrieval, and, crucially, permission-enabled access control.

When GenAI took off, our mature information retrieval stack, already adept at finding the most relevant enterprise data to answer user queries, paired perfectly with the newly available large language models. Combined, they enabled advanced retrieval augmented generation, which has since become the industry standard for enterprise GenAI solutions.

The result, today, is an offering that perfectly aligns with the BFSI sector's stringent requirements for privacy, security, and accuracy at scale. **Today, our success in breaking into the financial sector is evidenced by partnerships with the European Central Bank (ECB), Deutsche Bundesbank (DBB), Bank of England (BoE), and Standard Chartered Bank.**

Streamlining Investment Analysis and Due Diligence

To illustrate our impact, consider our collaboration with a development bank financing private-sector projects promoting economic growth and sustainable development in Latin America. Using Squirro, the **bank can seamlessly aggregate relevant data from internal and external data sources and automate the drafting of entire sections of the investment proposals.** By minimizing manual effort and speeding up the process, Squirro not only lowers the cost per opportunity but also enhances the quantity and quality of closed deals.

This type of use case can be replicated endlessly across organizations to streamline employee onboarding, automate the extraction of ESG-related data from reports, contracts, and filings, accelerate product and market research, expedite RFP (request for proposal) responses, enable hyper-personalized customer experiences, and support legal document discovery.

The Relentless Pursuit For Accuracy, Security, and Privacy – at Scale

Our mature **enterprise search and information retrieval** offering served as a solid foundation for our ongoing pursuit to increase the accuracy, security, and privacy of **RAG-based GenA**I in production-scale deployments:
In 2024, we acquired **Synaptica**, a leading provider of an enterprise taxonomy, ontology, and knowledge graph management system to enhance the accuracy and reliability of AI-generated responses.

The same year, we invested in **Meetsynthia.ai**, pioneers in AI guardrail management aimed at mitigating organizational AI risks, reducing legal and operational liabilities, and **safeguarding against AI hallucinations**. And we partnered with **RAW Labs** to support the integration of **real-time operational data into GenAI use cases**.

Meanwhile, we developed an **agent framework** to streamline the creation, deployment, and management of AI agents that can interact with tools to create, analyze, enrich, classify, fact-check, and transform data. Underlying these efforts, we continue to enhance our solution's security and privacy by adhering to industry standards, enabling organizations to control their data with robust safeguards for sensitive information.

Driving the AI Revolution

The result is a future-proof, enterprise-grade GenAI platform that empowers banks, financial institutions, and other large organizations to harness the full potential of their data. And this is just the beginning! By continuing to innovate and refine our offerings, we aim to be at the forefront of the ongoing GenAI revolution enabling organizations to operate with unparalleled efficiency, accuracy, and security.

SUMMARY OF THE PANEL DISCUSSION: **“HOW AI IS RESHAPING CYBERSECURITY WARFARE”**

This expert panel explored the dual role of artificial intelligence (AI) in cybersecurity, both as a defensive tool and a potential threat vector, across public, private, and regulatory perspectives.

AI's Impact on Cybersecurity: A Double-Edged Sword

The discussion began with the acknowledgment that AI is not just a passing trend, it is fundamentally altering the cybersecurity landscape. While it offers advanced tools for defense, it also enables increasingly sophisticated attacks. The conversation consistently emphasized the need to balance innovation with caution.

Private Sector Challenges

Many **organizations are rushing to implement AI tools, such as Microsoft Copilot, without addressing basic cybersecurity hygiene.**

Legacy data and weak access controls are common, and integrating AI without first securing systems amplifies existing vulnerabilities.

Public Sector Preparedness

The public sector shared how their **government is embracing AI, particularly in digital transformation initiatives.** However, they are doing so **with strict internal guidelines.**

Especially regarding data privacy and the use of public generative AI tools like ChatGPT. Their strategy includes a focus on data classification, responsible AI use, and enhancing cyber resilience.

Legal and Regulatory Landscape

From a legal perspective it was outlined, how EU regulations, like NIS2 and DORA, are shaping the use of AI in cybersecurity. Tools used in sensitive sectors or for monitoring employees must meet stricter legal and ethical standards. **Human oversight, transparency, and data protection are emerging as non-negotiable requirements for AI deployment.**

The Evolving Threat Landscape

The panelists described a **cybersecurity battlefield** where AI is being used on both sides. Attackers now have access to AI tools that allow even non-experts to generate malware and phishing schemes. Defenders, meanwhile, are using AI for anomaly detection, identity verification, and incident response, but often struggle to keep pace.
It was argued that **attackers currently have the upper hand**, partly because defenders are still relying on outdated software and fragmented security systems. It was stressed that foundational cybersecurity work must precede AI implementation, there's **no "magic fix."**

The Future: 5–10 Years Ahead

Looking ahead, panelists had differing views such as:

- **Attackers will stay ahead,** but AI could help build more secure systems if integrated early in the software lifecycle.
- Small and mid-sized enterprises (SMEs) will benefit from **affordable AI tools**, but they agreed that attackers are relentless.
- Pairing AI with human oversight, **AI can spot anomalies humans might miss, but also generate false alarms**.
- SMEs will need support to be compliant

AI as an Equalizer and Amplifier

The panel also touched on how **nation-state-level cyber capabilities are now available to individuals**, radically shifting the threat dynamics. AI's accessibility, unlike nuclear technology, is what makes it both powerful and dangerous. Anyone with a phone can access tools that previously required state-level resources.

Quantum Computing: The Next Disruption

An audience member raised the issue of quantum computing, warning that it could eventually undermine all current encryption. To this, the panelists agreed and recommended adopting quantum-safe algorithms now, as the data encrypted today may still be sensitive decades from now.

Conclusion

AI will reshape cybersecurity in profound ways. To harness its benefits and minimize its risks, stakeholders across sectors must adopt a proactive, balanced approach, recognizing that while AI can defend us, it must never be blindly trusted.

Helena Sousa Aguiar
Global Data Protection Office Manager
Syngenta Group

Lukas Bühlmann
Partner & Co-Head ICT & Digital
MLL Legal AG

Marcel Hirt
Program Manager Cybersecurity
Kanton Zürich

Shira Kaplan
Founder
Cyverse Capital GmbH

Sven Fassbender
CEO & Founder
zentrust partners GmbH

CAUGHT BETWEEN EXTREMES: SWITZERLAND'S PRAGMATIC PATH IN AI REGULATION

Switzerland finds itself wedged between two vastly different approaches to governance: Heavy, consumer-centric regulation in the European Union and a new wave of business-friendly deregulation in the US. But the last few months have shown that Switzerland might have had a good instinct, living up to its reputation for steadiness and compromise.

When asked about the difference between Europe and the US, Condoleezza Rice didn't have to think twice: 'Europe is the regulator of the world – instead of being an innovator.' That was in summer of 2024. Much has changed since then, and one may wonder if the former US Secretary of State would be quite as brusque if asked today – a couple of months into the new Trump administration and well into a phase of rather turbulent deregulation. But the main message still holds up: While some concentrate on risks, others focus on business opportunities.

With regard to artificial intelligence, this means the EU AI Act on the one hand – and Trump's recent revocation of former President Biden's executive order on AI safety on the other. And while the later aims to remove any hurdles to business opportunities, the former tries to identify every single risk that might be associated with AI.

Red tape is binding down innovation...

For each of these risks, the EU AI Act defines several categories, which in turn set requirements for governance and compliance. **What may seem caring from a consumer perspective, adds an additional (horizontal) layer of regulation to the ones already in place. And with that comes a significant increase in complexity and cost for companies, which, once implemented, will prove to be an immense burden – particularly for small and midsized companies.**

This **first casualty will be innovation. Especially for already highly regulated industries** – like the insurance industry – this regulatory approach raises the question of, **whether investing in AI-innovation is worth the cost.** Do innovation opportunities really outweigh the hassle of dealing with red tape? European AI innovation is at risk of grinding to a standstill. This is likely to have a negative impact on every economic sector and, more generally, on Europe as a business environment.

SANDRA KURMANN | SVV

… but unbound innovation may lead to a Wild West scenario

While most will therefore agree with Condoleezza Rice's assessment, the implied alternative remains equally questionable – maybe now more than ever. While removing all regulation may spark an onslaught of innovation – a proverbial gold rush in the fields of artificial intelligence – the way data privacy has already been disregarded gives some cause for concern. Further: **How well will innovations perform, if consumer concerns have to be implemented later on?** Can trust in AI ever be regained, once privacy concerns have been seriously breached?

What's needed: Clear boundaries and room to explore

Switzerland is well on its way to find a **middle ground solution**. Mostly because it had been sitting on it all along:
After all, artificial intelligence is not taking place in a legal vacuum but is already **embedded in a set of broad guidelines.** This is because Switzerland has for decades now been successfully following an approach of **technology-neutral and principle-based regulation.** And that by default also includes AI: The new data protection law in particular sets clear guidelines. It is formulated in a technology-neutral way and therefore applies to all AI applications; for example, the **obligation for companies to provide information to their customers when making automated decisions or specifications for training data**. More specifically for the insurance industry, protective mechanisms within the insurance law are written technology-neutrally and therefore also apply to the use of AI.

Switzerland therefore set a base of principle-based and technology-neutral guidelines that are hence not going into every nitty-gritty detail. The result is that risks and consumers' concerns are addressed, without overcomplicating regulation and thus constricting research and development.

All quiet in Switzerland?

A change of **paradigm should not be expected any time soon. The Federal Council, just announced in February 2025 that it would stick with this mantra of principle-based regulation and would refrain from issuing a specific AI law and focus on updating existing frameworks.**

For example, the **Swiss Federal Department of Justice and Police is preparing a policy proposal for the adoption of the AI Convention of the Council of Europe into Swiss law,** however focusing on state actors. Regarding **private actors, the Federal Council is instead aiming for self-regulation.** To this end, further non-legislative measures for private actors are expected to be proposed by the end of 2026. Further analyses will be sector-specific, as e.g. the **Swiss State Secretariat for International Finance (SIF) is analysing the existing financial market legislation for any need for adjustment.** Their final report is expected by mid-2025.

All in all, this is very much in line with Switzerland's history of policy-making: **No rush,** carefully weighing up the pros and cons, taking into account industry expertise. We can therefore continue to expect selective, targeted adjustments to existing legislation. A predictability that has become a much-appreciated exception these days.

Times are changing in Europe

On the old continent, too, the tide might however have turned: It started in September 2024 with Mario Draghi's report on the competitiveness of the European Union. It highlights, besides other take-aways, that the regulatory burden has reached a critical level, and simplifications are needed. Following this report and furthermore driven by the current geopolitical developments and a stuttering economy in many European countries, the European Union has launched an initiative on deregulation. **The EU's new quest for simplification and even deregulation in certain areas has also reached the discussion on artificial intelligence.**

This led to an observable shift in the discussion: **From 'AI as a risk' to 'AI as an opportunity'**. The European Union's pledge to invest **EUR 200 bn** for the development of AI ('**InvestAI**') is just the most glaring example. One more reason why **Condoleezza Rice** might change her stance? Only the future will show whether the turnaround from 'regulation made in the EU' to 'innovation made in the EU' will be successful – and what impact that will have on the EU AI Act.

Very much for certain is however that discussions on regulation will remain heated and interesting. It will always remain a **balancing act between customer protection and providing framework conditions that allow for innovation**. And Switzerland's slow and steady approach of principle-based and technology-neutral regulation may just be what it takes, to keep one's footing.


ANYbotics
SWISS
AI SUMMIT

ROUNDTABLE SUMMARY: **AI IN FINANCE & SUSTAINABLE INVESTING**

Zurich University of Applied Sciences
zh aw School of Management and Law

As artificial intelligence (AI) continues to reshape financial markets, its application in sustainable investing is emerging as a key area of innovation. The roundtable on AI in Finance and Sustainable Investing at the Swiss AI Summit 2024 brought together experts to discuss **how AI-driven methodologies can enhance sustainable investment strategies while maintaining financial performance.**

The discussion featured:

- **Nicolas Jamet, CFA (RAM Active Investments)** – Explored how AI can be leveraged for alpha generation in sustainable portfolios, optimizing factor integration while aligning with ESG objectives.

- **Kai Gramke (Econsight)** – Provided insights on AI-driven patent analysis, illustrating how patent data can serve as a leading indicator of corporate innovation and long-term sustainability trends.

The conversation underscored the growing role of AI in financial decision-making, particularly in integrating non-traditional data sources such as ESG disclosures, alternative datasets, and AI-enhanced predictive models to build more resilient and forward-looking investment portfolios.

Key Takeaways

- **AI Enhances ESG Integration** – Machine learning and NLP techniques can process vast amounts of sustainability-related data, improving ESG risk assessment and identifying sustainable investment opportunities beyond traditional ratings.

- **AI for Alpha in Sustainable Portfolios** – AI models can optimize portfolio construction by uncovering ESG-related alpha signals, balancing financial performance with sustainability objectives.

- **Patent Data as an Innovation Indicator** – AI-driven patent analysis provides unique insights into a company's future competitiveness and ESG-driven innovation, complementing standard financial and sustainability metrics.

- **Challenges Remain in AI Adoption** – Despite its potential, the application of AI in sustainable finance faces challenges, including data availability, model interpretability, and regulatory constraints.

The Future: **AI-Driven Investment Strategies** – As AI models evolve, active and quantitative managers are increasingly exploring AI-powered tools to construct adaptive and sustainable investment portfolios with dynamic risk-adjusted returns.

Conclusion

The discussion reaffirmed that AI is not just a trend but a transformational force in sustainable finance, driving innovation, efficiency, and informed decision-making for investors seeking both financial and ESG performance.

PAGING DR. ALGORITHM: **AI'S HEALTHCARE TAKEOVER?**

A day in the life of AI in healthcare

VISCHER
SWISS LAW AND TAX

JANA ESSEBIER

BARBARA MEIER

ANGELINA RAU

Dr. Alice Irving begins her day reviewing patient data for the day's operations, accessing the patient's digital health records, seamlessly integrated within the hospital system. Her first patient's diagnosis was crucially influenced by AI-powered image analysis software which highlighted subtle anomalies in the patient's latest MRI, confirming a suspicion of a rare neurological disorder. Leveraging the vast AI-managed database of medical literature and clinical trials, Dr. Alice puts together a tailor-made treatment plan for her patient.

After a successful robot-assisted brain surgery, the patient's wound management is precisely monitored and adjusted by a digital medical device. The therapeutic products Dr. Alice prescribes for her patient, were developed and tested in clinical trials guided by AI, using an Algorithm to precisely calculate the correct drug amounts.

During her patient consultations in the afternoon, a real-time language translation tool facilitates communication, breaking down language barriers and ensuring personalized care. When answering routine patient inquiries Dr. Alice even utilizes an AI-powered chatbot.

As the day draws to an end, Dr. Alice finishes her detailed medical reports for today's treatments, compiling her daily report, highlighting areas for improvement in her diagnostic process before scheduling the procedures, personnel and facilities needed for her next patient's treatment. She then starts invoicing the hospital's services to the patient's health insurance and answers any follow-up questions that may arise after the patient has been discharged.

After the inhuman workload of her day, Dr. Alice catches her reflection in the darkened glass of the office window, a flicker of complex code cascading down the glass. The reflection solidifies and reveals that Dr. Alice Irving is not the doctor; the doctor is A(lice) I(rving).[1]

*[1] *this story is purely fictional and was created with the help of Red Ink, VISCHER's AI add-in for Microsoft Office (https://www.vischer.com/en/redink/)*

Challenges for AI in healthcare

Human health and well-being are fundamental to our existence and thus subject to strict regulation, with patient safety as the top priority. As is typical for highly regulated sectors, healthcare faces increased challenges when integrating AI. **Key concerns include data privacy, where individual rights must be balanced against the needs of research, and the crucial question of legal responsibility and liability for AI-assisted diagnoses and treatments.**

As the introductory story illustrates, the possible use and potential benefit for AI in healthcare are vast. Current and emerging **AI applications include clinical support in diagnosis and treatment**, aimed at enhancing patient care, as well as administrative functions such as report writing and resource planning to reduce the healthcare system's bureaucratic burdens.

Although the advantages of AI in healthcare sound tempting, regulators are reluctant to approve its application until it is clearly demonstrated that patient safety is maintained or improved. Therefore, the **two main challenges** for any provider of AI seeking market access in the healthcare sector are **regulatory approval** and **securing reimbursement**.

JANA ESSEBIER | VISCHER

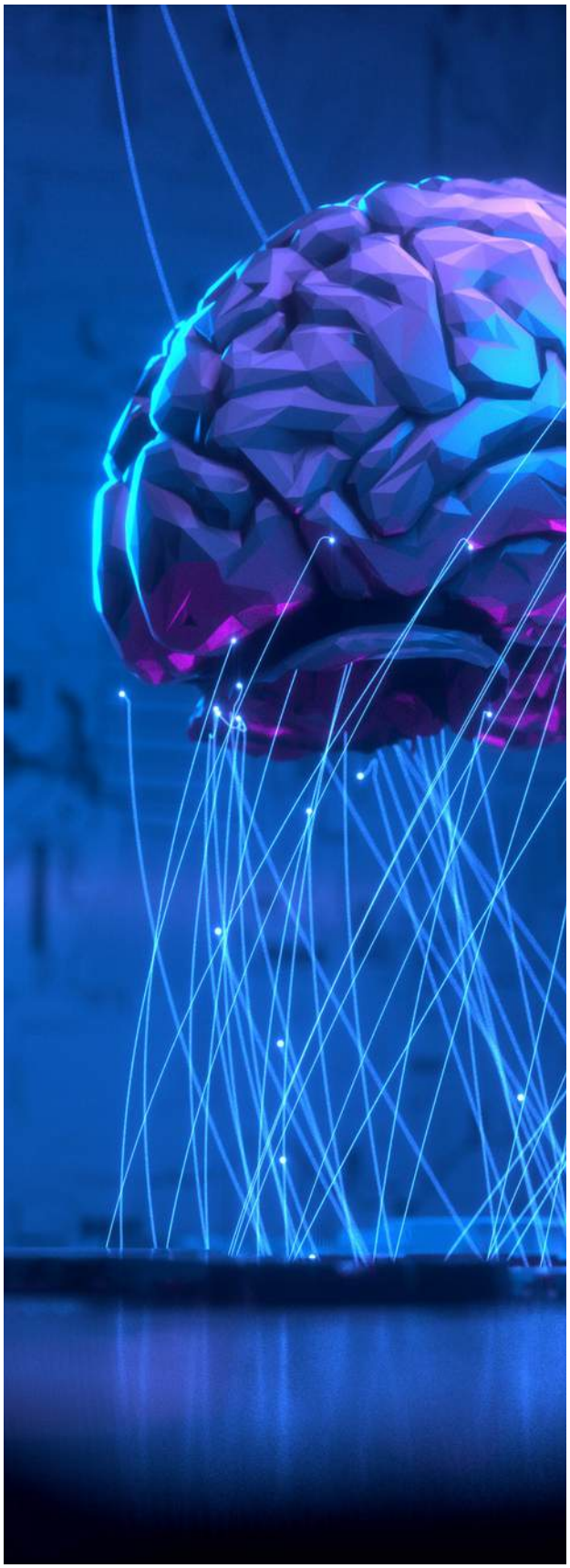
Regulatory approval of AI in healthcare

Unlike the EU with its AI Act, Swiss digital and AI health lacks a single overarching regulation. **Healthcare providers navigating AI implementation face a complex regulatory landscape involving various sectors such as therapeutic products regulation, product liability regulation, clinical trials and research regulation, data and privacy regulation, medical and sanitation laws and health insurance regulation.** Finding out which regulations are applicable and then applying them to a specific AI healthcare product is a challenge in itself.

As in most jurisdictions, the unauthorized practice of medicine is prohibited in Switzerland. Licensure mandates adherence to established codes of conduct that rarely incorporate AI and often take years to be amended. At present, only healthcare practices under direct human oversight and comprehension are fully compliant with regulatory requirements (see for an example § 12 of the Health law of the Canton of Zurich, which states, that – as a rule - health care needs to be provided in person). **Healthcare professionals who deviate from established codes of practice, even if they were to include the use of AI, risk losing their license and may be subject to legal actions.**

Also, research projects and drugs are in most cases subject to approval by the respective regulatory authorities – while medical devices require a conformity assessment – before they may be conducted or marketed. These already time-consuming approval processes may be further prolonged if the regulatory authority first needs to be familiarized with the specific AI technology in order to fully understand its intended use. Nonetheless, the U.S. FDA and the European Union have already approved several hundred AI-based medical devices. Although "paging Dr. Algorithm" is not yet a reality, AI has become an indispensable tool for healthcare practitioners today.

Securing Reimbursment for AI-Applications in the healthcare sector



A vast amount of healthcare services and products are subject to reimbursement by health insurance, which is strictly regulated. While digital and AI health applications ("DiGA") are gaining traction, Switzerland – at least currently - lacks a specific reimbursement model or even a legal definition for DiGA. **The challenges to secure reimbursement include unclear cost implications and system integration issues.**

Swiss residents hold mandatory health insurance ("OKP"), which covers a wide array of healthcare services and products. Reimbursement follows a user-oriented, trust-based system wherein healthcare services and products must meet the criteria of efficacy, appropriateness, and economic efficiency. OKP reimbursement for healthcare services and products is generally limited to those listed in official legal catalogues.
The listing process involves applications to federal commissions and conclusion of tariff agreements with insurers.

As a result, healthcare providers, gaining market access may involve lengthy and uncertain processes, and billing issues – such as the need to negotiate tariff agreements – may persist, even after obtaining OKP reimbursement approval.

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A Voluntary supplementary insurance ("VVG") covers services outside the OKP and may offer more contractual freedom in trade for a smaller target market. Out-of-pocket (self-pay) DiGA face lower regulatory and contractual reimbursement hurdles but require higher marketing efforts and may reach only a fraction of the healthcare market available.

Overall, the **fragmented reimbursement regulation hinders market entry for new DiGA products** and a national strategy focusing on interoperability and value creation is much needed. A stepwise market access strategy (self-payers, VVG, OKP) is recommended for health service providers entering the Swiss healthcare market.

Conclusion

In conclusion, while AI offers transformative potential for healthcare, its integration faces significant challenges, particularly in navigating the complex regulatory landscape and securing reimbursement.

The fragmented regulatory environment, encompassing data privacy, medical device conformity assessment, and the practice of medicine itself, requires careful legal and strategic consideration.

Securing reimbursement, whether through mandatory health insurance (OKP) or voluntary supplementary insurance (VVG), presents further hurdles due to unclear cost implications and the absence of specific reimbursement models for AI-based solutions.

A coherent strategy observing all applicable regulatory requirements is recommended for healthcare providers seeking to implement AI solutions in the Swiss healthcare system.

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REPORT

SWISS AI SUMMIT 2024 ROUNDTABLE: AI – THOUGHTS WITHIN THE FINANCIAL SECTOR

At the first SWISS AI SUMMIT on November 14, 2024, SFTI organized a roundtable on the topic "About AI – Thoughts within the financial sector".

The goal of the event was to create an informal platform for open, cross-industry exchange among banks, insurance companies, and consulting firms where current topics could be identified, and best practices discussed generally. Insights were shared on current trends, successful use cases, and general approaches that should help to leverage Artificial Intelligence (AI) meaningfully and safely. The focus was also, but not exclusively, on use cases in the area of generative AI. Finally, opinions regarding potential AI regulation in Switzerland were expressed, and the State Secretariat for International Finance (SIF) offered their perspective.

The following insights emerged from the discussions:

The Human Edge

The representatives of the participating companies are striving to comprehensively prepare their employees for the integration of AI into their daily work. But simply providing the technology is far from sufficient. Employers should convey to their employees an understanding of the new technology, its opportunities, and associated risks through a knowledge transfer, to ensure meaningful, efficient, and safe application. The discussion revealed that many companies in the financial sector are already providing their employees with AI-related learning programs and training, encouraging them to engage creatively and critically with AI. Employees should within a given framework incorporate their acquired knowledge in the field of AI into their daily work (e.g., through efficient interaction with AI or ideas for use cases) and thus create added value for the company and themselves. Ultimately, it is in the interest of both employers and employees to automate repetitive tasks, reduce error rates, and use the additional time for more complex tasks.

Use Cases

Numerous use cases emerged from the discussion round, illustrating how AI can be successfully applied in the financial industry today.

A frequently mentioned use case that some participants would not want to miss is the easy-to-use AI-based querying of in-house knowledge databases (**knowledge management**).

Today, information that used to be tediously searched in shared folders or **SharePoint can be accessed within seconds** via the company's in-house chatbot. This is a highly practical use case that offers enormous gains in efficiency. However, companies see the challenge in sensitizing employees to detect possible misinformation. Considering highly convincing outputs laced with company-specific information, appropriate sensitization and understanding of AI's functionality are even more important.

In customer service, some companies increasingly rely on **AI for customer identification**, in addition to widespread chatbots. Instead of time-consuming security questions, an individual voiceprint is created within seconds. With over 500 features such as frequency and sentence rhythm, authentication takes place within a few seconds. The extra time is directed towards more intensive consultations, allowing customer concerns to be addressed faster and more comprehensively. This procedure combines efficiency, security, and customer proximity for companies, including banks.

The current state of AI integration in the financial sector shows that also in the insurance industry, manual processes, and correspondingly **unstructured data**, for example in connection with the recording of claims notifications, can still be encountered. Here, the use of AI can offer significant relief. The benefit is evident: With the ability to **automate manual processes**, companies can not only increase their efficiency but also improve the accuracy and reliability of their data processing.

Interdisciplinary Exchange

Currently, particularly in the consulting of banks, it can be observed that **AI applications are primarily used to digitize existing processes**. As a result, existing processes are being rigidly automated rather than fully reimagined.

A rethink is required within companies to fully exploit the potential of AI. The strategic preparation of internal organization and processes for the integration of AI requires a deep understanding of core processes.

The strategic preparation of internal organization and processes for the integration of AI requires a deep understanding of core processes. This understanding must encompass all areas involved in the process as well as the technology itself (with its potentials and limitations). The interdisciplinary exchange necessary for this often proves to be a significant hurdle on the path to transformation.

The discussion yielded the following general insights regarding successful interdisciplinary collaboration on AI projects within companies:

(1) **Sticking together:** From management to employees, all company levels and departments should be involved early in AI projects to foster acceptance and understanding;
(2) **Purposeful responsibilities:** The roles and functions responsible for AI projects must have the necessary interdisciplinary skills and experience; and
(3) **Keeping one's ears open:** A project idea can be initiated by unexpected situations or departments. It is important to communicate that ideas or needs are always welcome and to specify who acts as their point of contact.

Regulation

Regarding the regulation of AI, **company representatives agree that targeted, sector-specific, and outcome-oriented regulation would align best with the interests of the Swiss economy both short-term and long-term**. There is also consensus among the participating representatives that **adopting restrictive European standards according to the AI Regulation would not benefit the Swiss financial center in any way.**
Moreover, current legal provisions **already largely cover processes involving AI technology** due to their technology neutrality and principle-based approach.

The analysis by the Federal Department of the Environment, Transport, Energy, and Communications (DETEC) to the Federal Council, along with specific clarifications regarding the financial sector and a potential

regulatory approach to AI in Switzerland, is awaited with great interest.

The speed at which progress is being made in the AI sector presents increasing challenges not only for companies but also for regulators. A regulatory approach that is not technology-neutral could become obsolete in a short time due to technological breakthroughs, which is why the legislator is currently deeply engaged with the latest developments related to AI.

Governance

The implementation and use of AI presents not only a multitude of opportunities **but also requires additional technical and organizational measures, for example, in the auditing and monitoring of AI**-based services that are provided in collaboration with service providers or wholly sourced from service providers.

This includes, for instance, clarifying, documenting, and integrating into one's governance **the exact functionality of the AI models or systems used**, their data basis, and various cybersecurity aspects for comprehensive oversight.

In addition to strategic decisions, the successful operationalization of AI also requires clear governance. Companies should therefore ensure that they have the necessary skills, resources, and processes.

These include regular audits (especially regarding traceability and biases), sufficient documentation and continuous training for employees to keep up to date with the latest technology and regulatory requirements.

A Glimpse into the Future

The ongoing advances and versatile applications of AI will continuously transform the financial sector, forcing companies to develop strategies for integrating and utilizing the technology. Both employees and customers must be central to the transformation process to ensure that the implementation of AI meets actual goals and expectations. Furthermore, an innovative and creative approach to AI applications is recommended to ensure long-term success and competitiveness, with companies needing to be ready to explore new paths and go beyond traditional process optimizations.

GLOBAL AI PITCH COMPETITION

The Global AI Pitch Competition at the Swiss AI Summit 2024, held on November 14 in Zürich, showcased innovative AI-driven startups addressing global challenges. **Organized in partnership with the International Telecommunication Union's AI for Good initiative,** the competition aimed to discover and support AI solutions contributing to the United Nations Sustainable Development Goals.

The competition highlighted AI's potential in sustainability, accessibility, and education, aligning with global efforts to leverage technology for social good.

WINNER: Olivier De Deken (Planlabs)

- **Natalia Mykhaylova (WeavAir)**: Developing AI-powered sustainability solutions using IoT data analytics and digital twins.
- **Camilla Cavaliere (Quentin GmbH):** Focusing on digital transformation in manufacturing with a customer-centric approach.
- **Özer Çelik (WeAccess.Ai)**: Creating AI-powered digital accessibility solutions for individuals with disabilities.
- **Paola Mejia (Scholé):** Developing an EdTech platform leveraging generative AI for personalized upskilling resources.

Awards and Opportunities:

Value up to CHF 160k

- Start-up booths at the AI for Good Global Summit 2025.
- Access to exclusive masterclasses and acceleration programs.
- Monetary prizes for the top three winners
- Workshops on AI strategy and governance provided by IBM Zurich and Juristiq AG.
- Cloud service credits from IBM.

OLIVIER DE DEKEN | PLANLABS

GLOBAL AI PITCH COMPETITION

SUMMARY OF THE PANEL DISCUSSION: **“FORGING THE FUTURE OF TRUST, DATA, AND GOVERNANCE”**

BLOCKCHAIN X AI

At the 2024 Swiss AI Summit, one of the most highly anticipated panels brought together a powerhouse of voices from law, industry, academia, and tech. Moderated in an open format, the “Blockchain x AI: The Future of Trust, Data & Governance” panel hosted Frederick from the Cardano Foundation, Claudio from academia, Jan from the Dfinity Foundation, and Reto Luthiger representing legal expertise. Their discussion centered on the convergence of **blockchain and artificial intelligence (AI), with a focus on governance, data ownership, and trust — arguably the pillars of tomorrow's digital infrastructure.**

The Power of the Intersection

The panelists all agreed that blockchain and AI are not just compatible but complementary. **“AI generates data, blockchain secures it.”**

As AI continues to advance, its insatiable appetite for data grows. But **data stored and processed by centralized services raises red flags over privacy, control, and integrity**. **Blockchain technology**, with its inherent qualities of decentralization and immutability, offers a **credible solution**. It ensures data traceability and security, giving AI a trustworthy foundation to build upon.

At the same time, AI can enhance blockchain systems. From writing and deploying smart contracts to improving user interfaces and decision-making, AI brings speed, automation, and intelligence. This mutual reinforcement creates a potent feedback loop: blockchain makes AI more trustworthy, and AI makes blockchain more usable and accessible.

Real-World Use Cases

Fred from the Cardano Foundation discussed how **Cardano is using large language models (LLMs) trained specifically on blockchain-related content to help users understand the ecosystem better.** These LLMs provide tailored, unbiased insights based on trusted data sources, far from the murky waters of the open internet. He noted that Cardano, with its **7 million users**, is moving toward a more interactive and user-friendly blockchain environment, where **AI agents help users** make informed decisions using verified data. On the other side, Dfinity Foundation's work on "**Coffee AI**," a tool aimed at enabling non-technical users to write and deploy blockchain applications. This could **democratize blockchain development**, making decentralization more inclusive.

From an academic perspective, the importance of using public blockchain data for behavior analysis and anomaly detection was emphasized, something that can revolutionize decision-support systems and financial oversight. AI can detect patterns across transparent blockchain data, offering insights not easily achievable in traditional, opaque systems.

Governance in the Age of Intelligent Agents

Governance emerged as a major theme. Claudio pointed out that our limited cognitive bandwidth makes it hard to process vast datasets or make unbiased, timely decisions. AI can augment human capacity in decentralized governance environments. Imagine a world where smart, autonomous agents help communities and institutions make better decisions based on verifiable, on-chain data.

Frederick expanded on this vision with the concept of "**digital twins"**—AI agents that learn from your personal data and help you make decisions, while preserving your privacy using zero-knowledge proofs (ZKPs). These digital twins can act as trusted advisors, only possible in environments where identity and data sovereignty are preserved, such as those enabled by blockchain.

Legal and Regulatory Realities

Legal and regulatory perspectives, focused on control. It was underlined how **blockchain's transparency and immutability align with regulatory expectations, particularly around data quality and auditability**. In areas like financial advice and transaction monitoring, regulators require traceable data flows. Blockchain can provide this audit trail, offering clarity on how AI-driven recommendations are generated.

However, challenges remain. European regulators, particularly under the GDPR and the new EU AI Act, can sometimes inadvertently stifle innovation due to overregulation. Multiple panelists warned that if lawmakers regulate based on fear or lack of understanding, innovation will be pushed to more agile jurisdictions like the U.S. or UAE.

Interestingly, the panel highlighted Abu Dhabi's progressive stance, allowing ZK rollups for AML/KYC compliance while restricting opaque AI decision-making. This nuanced approach exemplifies the regulatory balance needed, promoting innovation while safeguarding public interest.

Audience Reflections: Privacy, Bias, and Future Readiness

Audience members brought in pertinent questions, notably around bias in AI and the GDPR's impact on innovation. **The panel addressed the concern by acknowledging that personal data contains biases, but noted that AI agents under user control can use that bias constructively,** creating systems where the user benefits from their data, rather than being manipulated by corporations.

The **approach can make AI genuinely compliant with privacy laws, provided regulators understand what's technologically feasible.**

Aliya Das Gupta
SVP
Sygnum Bank

Jan Camenisch
CTO
DFINITY Foundation

Reto Luthiger
Partner & Co-Head Practice Group Regulatory Fintech & DLT
MLL Legal AG

Prof. Claudio Tessone
Professor & Chairman
UZH Blockchain Center

Frederik Gregaard
CEO
Cardano Foundation

PREPARING FOR THE **GPAI** CODES OF PRACTICE

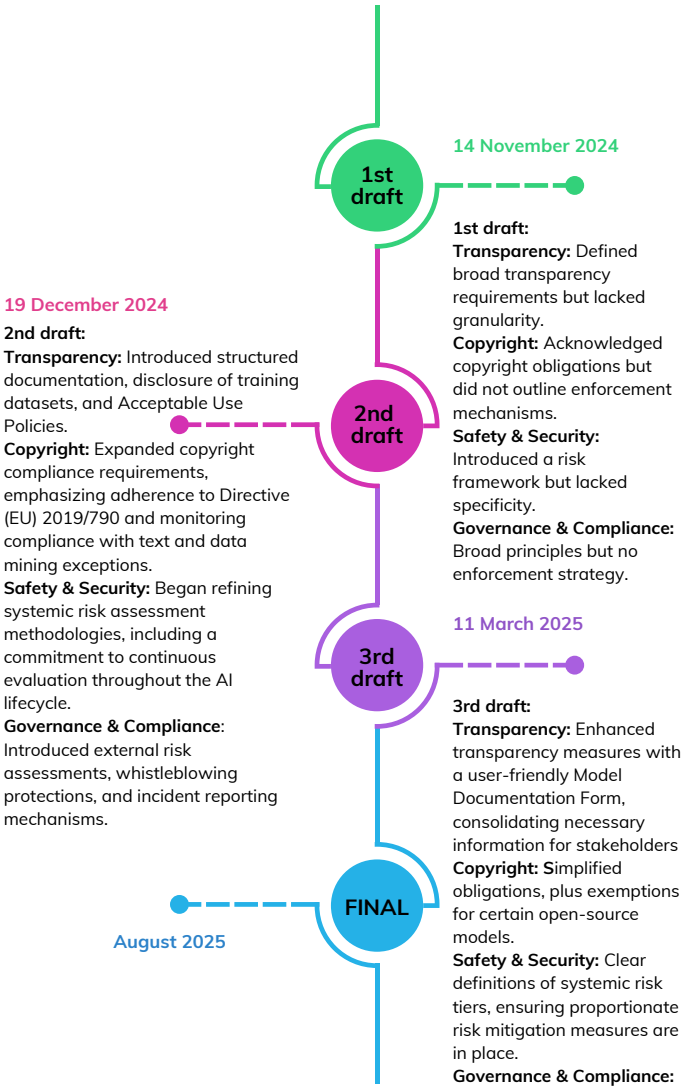
A Legal and Practical Guide for Businesses

As the European Union advances its regulatory framework for artificial intelligence, the forthcoming **General-Purpose AI (GPAI) Code of Practice** emerges as a pivotal instrument for companies developing or deploying GenAI systems. Though **non-binding**, adherence to this code is anticipated to serve as a *de facto* standard for demonstrating compliance with the EU AI Act, which becomes enforceable in August 2025.

What is the GPAI CoP about?

The GPAI Code of Practice is a voluntary framework designed to help providers of general-purpose AI models comply with the upcoming EU AI Act, which takes effect in August 2025. It aims to ensure safe and trustworthy AI by setting out **transparency, copyright, and risk mitigation guidelines,** particularly for models that are highly capable or widely deployed and may pose systemic risks.

GPAI CoP Timeline



Legal Considerations

Transparency & Documentation: The GPAI CoP emphasizes the need for comprehensive documentation of AI systems, including detailed summaries of training data and methodologies. It offers organizations with a blueprint of the required information about the GPAI model.

Risk Assessment and Mitigation Measures: Companies are expected to conduct thorough risk assessments of their AI models, identifying potential systemic risks and implementing appropriate mitigation strategies. This includes evaluating the ethical, legal, and societal impacts of AI deployment.

Copyright Compliance: One of the core changes in the 3rd version was around copyright compliance. The GPAI CoP mandates that AI providers develop and maintain copyright policies in line with EU law. This involves ensuring that AI training processes respect rights reservations and that outputs do not infringe on existing copyrights. Organizations should audit their data sources, implement mechanisms to detect and prevent unauthorized use of copyrighted materials, and establish clear channels for rights-holders to raise concerns.

Business Considerations

For businesses, AI compliance can be not just merely a legal obligation but a strategic imperative. Without any doubt that It offers a strategic advantage on the market. For example a regulated company would prefer buying from a vendor that is AI compliant, as to other vendors who might be cheaper (short term thinking) but pose risks from a legal & compliance perspective.

High-Level Practical Steps for Compliance

Conduct an AI Inventory:

- Identify all AI systems in use, categorizing them based on their functions, data sources, and potential risks.
- Identify your role (deployer vs. provider etc...)

Establish AI Governance & Strategy

- Understand how the organization operates & how is it actually considering AI;
- Involve & train (AI literacy is incremental) relevant stakeholders
- Define roles & responsibilities

Implement monitoring & control systems

- Integrate continuous algorithmic auditing and explainability protocols. This will support complying with the documentation obligations under the EU AI Act (e.g., Article 52);

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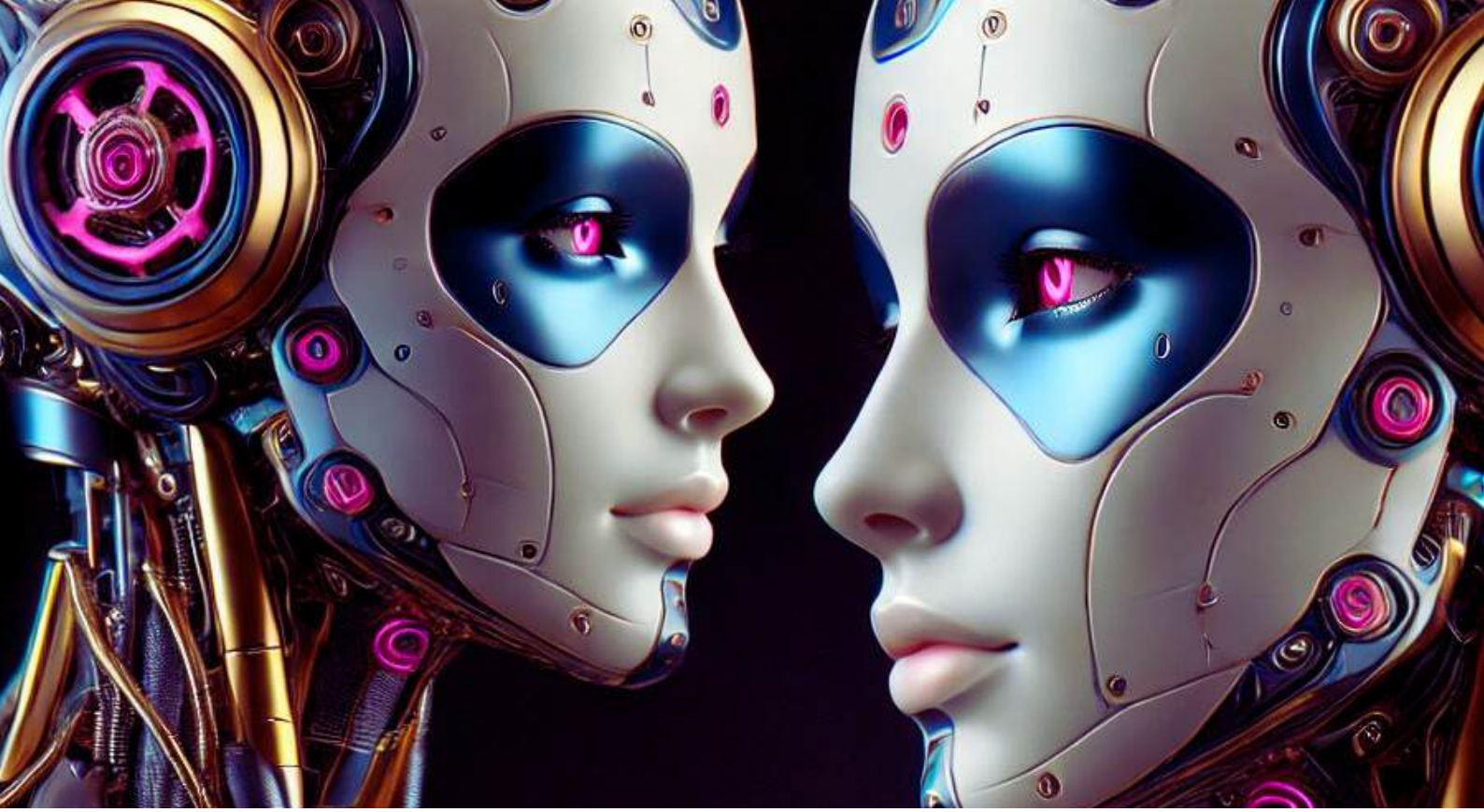

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