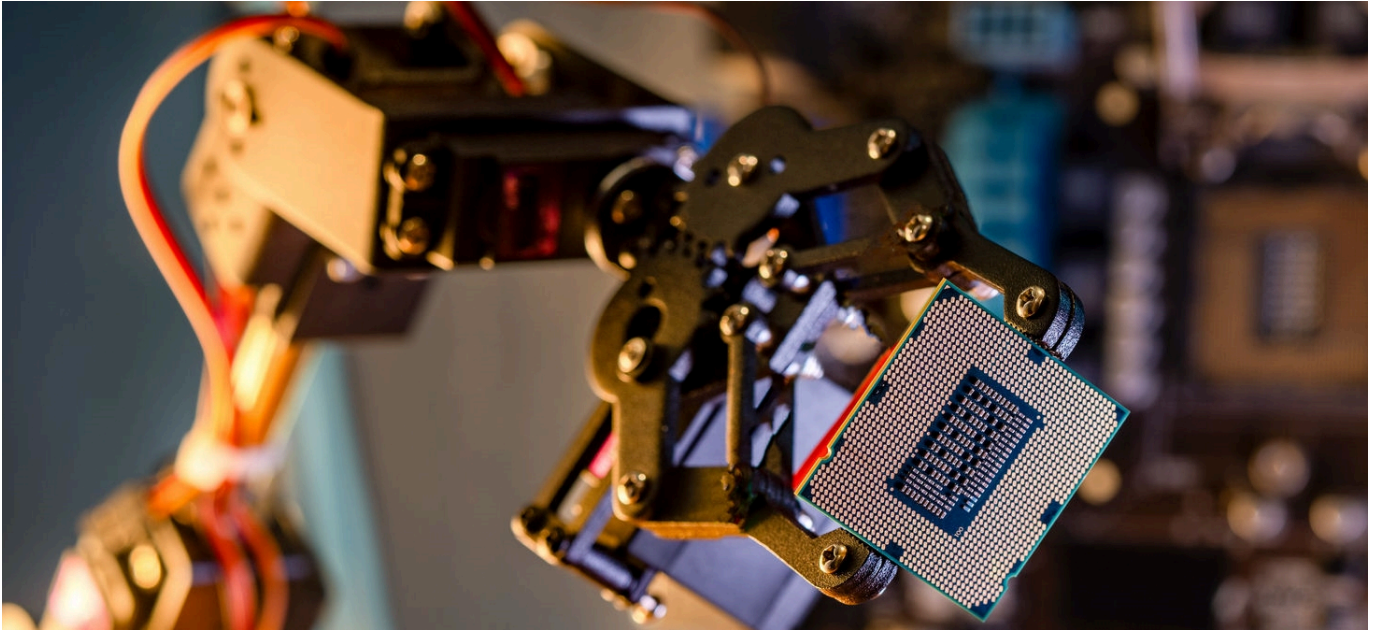




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AI in Switzerland: Pragmatic adoption, growing potential

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Artificial intelligence is gaining traction across Swiss businesses—not as a disruptive revolution, but rather as a pragmatic next stage of digitalization. That shift is creating new opportunities, while also raising new demands for companies, the labor market and investors.

The rapid development of artificial intelligence (AI) is no longer confined to US technology leaders or Chinese innovators. In Switzerland, too, AI is steadily entering the corporate mainstream. Our [recent survey](#) of around 2,500 Swiss companies suggests that most firms do not approach AI with unchecked enthusiasm, but as a logical next step in digitalization. Companies are deploying AI pragmatically where it offers clear added value, typically in selective, use-case-specific applications. This is not a revolution. It is an evolution, and one that is likely to accelerate in the years ahead.

Around 60% of the companies surveyed already use AI today. Adoption is even higher among large companies, while small and medium-sized enterprises (SMEs) lag somewhat behind. AI is most prevalent in information and communication technology, financial services and pharmaceuticals. In sectors with a high share of manual labor, such as construction, transport and textiles, adoption remains low. The most common use cases are decision support (51%), improving existing products and services (47%) and automating business processes (37%). Just 5% of companies view AI as core to their business model, a clear sign that adoption remains selective but purposeful.

One finding stands out: the close link between a company's level of digitalization and its readiness for AI. Highly digitalized firms tend to have structured data, automated processes and robust IT infrastructure, providing favorable conditions for

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successful deployment. Many Swiss SMEs, by contrast, still lack the resources, expertise and confidence in the tangible benefits.

Even so, most companies view AI more as an opportunity than a risk. Large firms and highly digitalized sectors in particular expect productivity gains, stronger decision-making and quality improvements. Although the potential for cost reduction is recognized, it is not yet the primary focus in many cases. The emphasis remains on efficiency, innovation and a better customer experience.

There are, of course, challenges. Data protection and security risks top the list, followed by concerns about flawed decisions caused by poor data or algorithms. A shortage of qualified specialists and high implementation costs are additional obstacles. Even so, around half of companies plan to expand their AI activities over the next five years, while only 17% are considering a pullback. Strategic priorities center on data analysis, automation and development.

The labor market implications are also noteworthy. Contrary to studies that predict a sharp decline in employment, Swiss companies expect only a moderate effect. More than half anticipate stable employment, and many see AI more as a source of relief than as a substitute for employees. At the same time, qualification requirements are rising: IT and digital skills, creativity and analytical capabilities are likely to become even more important.

What does this mean for investors? In Switzerland, too, AI is likely to reshape a growing number of companies. The much-discussed divide between businesses that benefit from the evolution of AI and those that fall behind is therefore becoming increasingly relevant here as well. Our survey also suggests that AI could have an impact on the labor market. Even if the expected decline in employment is only moderate, it may still prove meaningful.

Expected gains in productivity, decision-making and quality, combined with lower costs, should generally favor investors with exposure to equities or private equity in companies that successfully integrate AI into their products and services. Higher productivity could also have a disinflationary effect, for example if efficiency gains and cost savings reduce aggregate labor costs. For a country such as Switzerland, it is therefore conceivable that AI could help sustain a low-interest-rate environment and structurally contribute to subdued bond yields. In such a setting, asset classes such as hedge funds, infrastructure and structured instruments including reverse convertibles may remain relevant as partial substitutes for traditional bonds in investor portfolios.

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