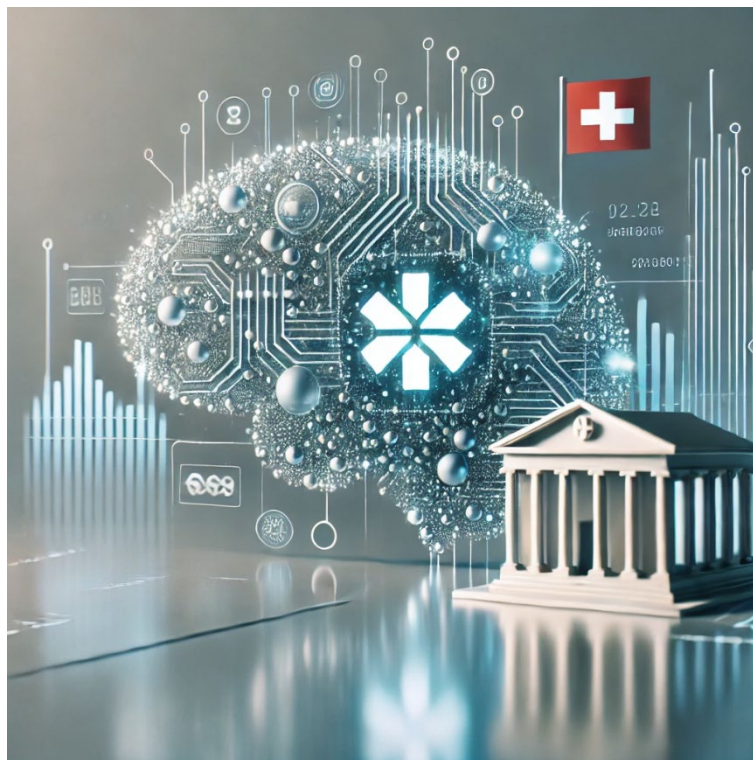


SFTI – working group 'Implementing AI'

# 'A Scalable Framework for Implementing Artificial Intelligence in Swiss Financial Institutions'

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## White Paper – Management Summary



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This document is available on the Internet at [www.sfti.ch](http://www.sfti.ch).

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### **About OST**

*Eastern Switzerland University of Applied Sciences (OST)* is a dynamic, innovative university that strengthens the Eastern Switzerland region with forward-looking initiatives and makes a significant contribution to its economic and social development. For more information about *OST*, please refer to <http://www.ost.ch>.

### **About SFTI**

*SFTI (Swiss Fintech Innovations)* is an independent association of Swiss financial institutions committed to drive collaboration and digital innovations in the financial services industry. For more information about *SFTI*, please refer to <http://www.sfti.ch>.

## Management Summary

The integration of Artificial Intelligence (AI) into the Swiss financial sector is reshaping operational landscapes, offering significant enhancements in efficiency, compliance, and strategic decision-making. This white paper, titled "Development of a Scalable Framework for Implementing Artificial Intelligence in Swiss Financial Institutions," aims to create a comprehensive framework tailored to the unique regulatory and operational environment of Swiss financial institutions. Lead by OST (Eastern Switzerland University of Applied Sciences), Institute for Finance & Law, in cooperation with SFTI (Swiss FinTech Innovations), the study focuses on developing a practical and scalable AI framework applicable across various functions, including, for example, compliance and risk management.

### Objectives and Approach

The primary objective of this study is to facilitate the adoption of AI across different functions within Swiss financial institutions. The framework addresses key success factors for AI implementation, ensuring alignment with regulatory requirements and organizational goals while delivering measurable benefits and satisfying involved stakeholders' needs. Specific objectives include ensuring regulatory alignment with stringent Swiss requirements, integrating AI strategies with organizational goals to enhance efficiencies, and developing strategies for scalable AI implementations.

The study employs a mixed-methods approach, leveraging insights from a comprehensive survey conducted among SFTI members. This survey gathered input on practical AI applications within compliance and other operational functions (excluding client advisory), focusing on decision-making approaches, implementation models, success factors, and challenges encountered. Notably, 24% of the AI use cases were related to compliance areas; however, this differentiation is not deemed critical for the framework's application across various functions.

### Key Findings

- Decision-Making Approaches:** Institutions employ structured frameworks for identifying high-value use cases, often starting with proof-of-concept (PoC) validations to assess feasibility and potential ROI. 37.5% of institutions use AI-specific decision-making approaches, the majority treats AI projects like other IT or business initiatives.
- Implementation Models:** A phased approach is common, involving stages from discovery to full deployment. Agile methodologies are frequently used to ensure flexibility and adaptability. The majority of institutions (87.5%) implements AI projects like other IT or business initiatives, relying on existing implementation models.
- Success Factors:** Strategic alignment with business goals and robust internal capabilities are critical. Governance frameworks ensure compliance with regulatory standards. Key success factors are "Strategic Alignment" (67%), "Invest in Internal Capabilities" (67%) and "Implement Robust Governance Frameworks" (50%).
- Challenges:** Knowledge gaps remain a significant barrier, alongside privacy concerns and regulatory complexities. Cultural resistance and integration with legacy systems also pose challenges. Key challenges are "Knowledge & Expertise" (50%), "Privacy, Security & Data Usage Issues" (33%), "Regulatory & Compliance Issues" (33%) and "Cultural & Organizational Challenges" (33%).

### Scalability and Recommendations

The proposed framework is inherently scalable, allowing institutions to expand their AI initiatives efficiently without requiring structural changes. By leveraging best practices such as incremental scaling, modular architectures, and continuous monitoring, financial institutions can unlock the full potential of AI technologies across their operations.

The framework is structured into six key elements with 33 logical components – the "what" – each accompanied by a total of 105 clear, step-by-step instructions – the "how" – outlining the necessary actions, pertinent questions, and desired outcomes. While certain steps may appear repetitive across different elements and components of the framework, this repetition underscores their significance: Some steps might be optional in one context but mandatory in another, highlighting their critical role in the overall implementation process.

Key recommendations include aligning AI initiatives with strategic business objectives, investing in internal capabilities through targeted training programs, establishing robust governance frameworks, prioritizing data quality and privacy, addressing cultural resistance through change management strategies, adopting a phased implementation approach, continuously monitoring performance metrics, and proactively mitigating risks associated with AI adoption.

## **Conclusion**

This study provides a robust foundation for understanding how AI can be implemented effectively within Swiss financial institutions while addressing regulatory requirements and operational challenges. By combining insights from industry practitioners with rigorous analysis of real-world use cases, it offers a practical roadmap for leveraging AI as a transformative tool in finance. The findings will guide the development of a scalable AI framework tailored to the unique needs of the Swiss financial sector.

## **Acknowledgment**

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Thank you for your support and engagement!

## **Copy of the White Paper**

The White Paper can be downloaded in the projects section of the website of SFTI (Swiss Fintech Innovations): <http://www.sfti.ch>

## **Contact for Additional Details**

The authors of the white paper are happy to answer any questions, receive feedback or provide additional details and insights.

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