DOI: https://doi.org/10.30525/2256-0742/2026-12-5-58-70

THE IMPACT OF DIGITAL BANKING AND ARTIFICIAL INTELLIGENCE ON PRIVATE BANKING IN SWITZERLAND: ARE CHANGES AHEAD?

Karina Kapliar[1]

Abstract. *Subject of Research.* This study focuses on the digital banking landscape and the integration of artificial intelligence (AI) in private banking and wealth management in Switzerland. More specifically, it examines how technological innovations – ranging from process automation and generative AI to advanced data analytics – alter the operational dynamics, customer relations, and structural competitiveness of Swiss private banks in the context of shifting client expectations and rigorous regulatory environments. *Methodology.* The research employs a qualitative analytical research design that uses triangulation of secondary evidence. It systematically integrates and cross-checks academic literature on digital finance, fintech adoption and robo-advisory trust, alongside empirical data, regulatory frameworks and market insights from reputable Swiss and international organisations. The primary data sources analysed were supervisory guides from the Swiss Financial Market Supervisory Authority (FINMA), reports from the Swiss Bankers Association, digital maturity benchmarks from Deloitte Switzerland and private banking market profitability assessments from KPMG and PwC Switzerland. *Purpose.* The main objective of this paper is to provide a comprehensive assessment of the impact of digital transformation and the deployment of AI on the traditional Swiss private banking model. By analysing seven key dimensions – technological progress, customer expectations, process optimization, data analytics, risk and security, regulation/compliance, and market trajectories – the study aims to clarify the economic mechanisms driving digital adaptation, identify the structural barriers preventing rapid technology adoption, and evaluate the strategic options available to Swiss banks facing intense global competition and margin compression. *Findings and Conclusion.* The study reveals a significant discrepancy between Switzerland's position as a global leader in asset management, with CHF 9.3 trillion under management, and its digital banking maturity score of 39 out of 60. Although private banking clients continue to establish relationships based on traditional factors such as reputation, trust and personal referrals, they are also demanding friction-free digital execution, personalised dashboards and virtual investment simulations. AI has been proven to have high economic value when acting as a productivity layer centred around advisors, optimising processes such as client onboarding, document extraction, compliance screening and portfolio monitoring. However, it is not as effective when acting as an autonomous replacement for human relationship managers. Ultimately, the integration of digital banking and AI is causing a clear market polarisation. Large-scale institutions are successfully absorbing the substantial fixed costs associated with technology, data governance and regulatory compliance under the frameworks of FINMA and the European Union (such as DORA and the EU AI Act). Conversely, smaller Swiss private banks are under severe pressure to increase their profitability and consolidate, unless they adopt highly focused niche advisory models. The paper therefore concludes that urgent regulatory attention and strategic repositioning are necessary to preserve the overall image and international attractiveness of the Swiss private banking ecosystem.

Keywords: Swiss private banking, digital banking, artificial intelligence, wealth management, customer experience, regulation, cybersecurity.

JEL Classification: G21, G24, O33, M15

Received on: May 03, 2026 **Accepted on:** August 04, 2026 **Published on:** November 02, 2026

[1] Dukascopy Bank, Switzerland
E-mail: karina.kapliar@dukascopy.com
ORCID: https://orcid.org/0000-0002-3502-4980
Web of Science ResearcherID: https://www.webofscience.com/wos/author/record/IVV-7809-2023

This is an Open Access article, distributed under the terms of the Creative Commons Attribution CC BY 4.0

1. Introduction

Private banking in Switzerland occupies a unique position in the European financial landscape, combining substantial cross-border wealth management volumes with a highly trusted advisory model. The Swiss banking sector manages CHF 9.3 trillion in assets, including CHF 2.4 trillion of privately held cross-border assets, with around CHF 4.2 trillion originating from foreign clients. This makes Switzerland one of the world's most concentrated and internationally exposed wealth management centres, operating under a logic that differs from that of ordinary retail banking. Value in private banking is created through a combination of portfolio administration, transaction execution, discretion, continuity of personal advice, interpretive judgement and confidence in the institution's ability to protect wealth across volatile markets and multiple jurisdictions.

This specificity alters the way in which digitalisation should be analysed. In standard retail banking, technological progress is typically assessed based on the speed of feature rollout, cost reduction and the transition to self-service channels. In Swiss private banking, while these criteria remain relevant, they are insufficient. Digital banking and artificial intelligence are affecting a service model in which a significant amount of value creation still depends on human trust, suitability assessments, and the ability to translate complex information into actionable advice for affluent clients. The central analytical issue is the distribution of functions: which activities will be standardised, which will remain relationship-based and which areas will see an increase in cost and compliance pressures due to digitalisation.

The problem has become more acute over the past two years. According to Deloitte's latest benchmark, Swiss banks rank 27th out of 44 regions in terms of digital maturity, with a score of 39 compared to a global average of 41 and a level of digital maturity above 60 for digital champions. At the same time, Deloitte's Swiss customer experience survey indicates that private banking clients are increasingly expecting fully digital onboarding, faster execution, improved digital reporting and more advanced investment tools. FINMA's 2025 survey shows that artificial intelligence has moved from the experimental stage to everyday use across Swiss financial institutions. Meanwhile, KPMG and PwC have identified a parallel rise in margin pressure, scale advantages and consolidation dynamics in the private banking market. Together, these findings suggest that the time for adaptation is now, and that strategic restructuring is required.

The purpose of the present article is twofold: firstly, to assess how digital banking and artificial intelligence are reshaping private banking in Switzerland; and secondly, to identify the economic mechanisms behind this transformation. The analysis is organised around seven applied dimensions: technological progress, changing client expectations, process optimisation, data analytics, risk and security, regulation and compliance, and future industry trajectories. These dimensions are connected by a common economic logic: digital technologies reduce the cost of processing information and delivering services in standardised tasks. However, the scale of this effect is shaped by the relationship-intensive, compliance-heavy and reputation-sensitive nature of private banking.

The article makes three contributions. Firstly, it brings together Swiss and EU evidence which is typically examined separately, including customer experience surveys, prudential guidance, market profitability studies, regulatory materials and academic literature on digital finance. Secondly, it considers private banking to be a hybrid form of financial intermediation, combining codifiable operational tasks with advisory functions based on trust, discretion and judgement. Thirdly, it links technological change to economies of scale, compliance costs and market polarisation. Within this framework, AI is examined as a factor that alters the cost structure, service architecture, and competitive landscape of Swiss private banking.

2. Literature Review

Existing European literature on digital banking and fintech has shown that technological change is unbundling traditional banking functions and redistributing them across new interfaces, data infrastructures and service channels. Jünger and Mietzner (2020) demonstrate that the adoption of fintech services hinges on patterns of acceptance at the user level, whereas Boot, Hoffmann, Laeven and Ratnovski (2021) contend that fintech influences financial intermediation via communication and information innovations. This distinction is particularly important in the context of private banking. While communication innovations improve access, convenience, and interface quality, information innovations change how banks segment clients, process risk signals, and deliver portfolio-related intelligence. The latter is especially important for Swiss private banks because wealth management is an information-intensive activity involving high expectations regarding judgement, confidentiality, and customisation.

A second strand of literature examines robo-advisory, digital investment services, and AI-supported customer interaction. Belanche, Casalo, and Flavian (2019) show that robo-advisor adoption depends on usefulness, ease of use, perceived novelty, and user characteristics. Seiler and Fanenbruck (2021) found that the adoption of digital investments is influenced by trust, perceived performance and user familiarity with the service. Scherer and Lehner (2023) argue that, even when algorithmic advice appears technically sound,

trust remains the decisive bottleneck. Together, these studies explain why AI in private banking is unlikely to simply replace existing processes. The main issue is the client's reluctance to delegate important financial decisions to machine-mediated processes.

A third strand deals with regulation and responsible deployment. Salo-Lahti (2022) emphasises that robo-advising raises questions of explainability, responsibility, consumer protection and legal accountability which cannot be resolved through interface design alone. Barile, Secundo and Bussoli (2024), on the other hand, interpret AI-enabled robo-advisory as a platform model, the value of which depends on the orchestration of data, service layers and institutional credibility. These arguments are even more pertinent in the context of Swiss private banking, where a balance must be struck between efficiency and providing defensible advice under reputational and regulatory scrutiny. In such an environment, artificial intelligence is a more convincing force multiplier for analysis, reporting and process support than it is for autonomous advisory relationships.

The Swiss-specific applied literature also points in this direction. Künzle and Hefti (2024) describe wealth management in Switzerland as a bespoke service for high-net-worth and internationally mobile clients. Meanwhile, KPMG (2025) and PwC Switzerland (2025) demonstrate that the market is becoming increasingly polarised due to cost, profitability and consolidation pressures. Although Swiss private banks remain commercially important, the sector does not enjoy unlimited strategic freedom. A bank that wants to embrace digitalisation must consider the costs associated with technology, cybersecurity, outsourcing, data and governance, but it cannot simply expand its revenue through mass retail logic because private banking clients still place a high value on trust, continuity and discretion. The result is a hybrid business model in which technology increases operational leverage, but only within business models that can carry the associated fixed costs.

The literature and institutional evidence therefore highlight a specific analytical gap. While existing studies explain digital banking, AI in finance, robo-advisory adoption and responsible automation, Swiss and EU institutional sources describe prudential expectations, customer demand, market profitability and consolidation signals. What is less well-developed is an integrated explanation of how these elements interact within the context of Swiss private banking. Here, technological change operates through a distinctive combination of trust-intensive advice, cross-border wealth management, confidentiality requirements and high regulatory scrutiny.

This article closes the gap by providing a task-based economic interpretation. It treats digital banking and AI as forces that redistribute work between the four layers of the private-banking model: codifiable operational tasks, data-intensive analytical tasks, non-codifiable advisory functions and governance-intensive control processes. This approach helps to explain how AI can significantly enhance onboarding, documentation, monitoring, reporting, segmentation and compliance support, while maintaining the importance of the relationship manager. It also links technological adoption to market structure because the advantages of AI depend on banks' ability to absorb fixed costs related to data infrastructure, cybersecurity, outsourcing control, model validation and regulatory documentation.

3. Materials and Methods

The article employs a qualitative-analytical approach based on secondary data. This approach is well suited to examining the interaction between technological change, client expectations, regulatory requirements and market structure in the context of Swiss private banking. The study employs analytical triangulation, combining academic research on behavioural and theoretical mechanisms with Swiss and EU institutional materials on current market structure, supervisory expectations, customer demand, profitability trends and regulatory developments.

The evidence base is organised into three levels. The first level comprises prudential, regulatory and sectoral sources, primarily from FINMA, the Swiss Bankers Association, the European Banking Authority and EU regulatory bodies. These sources are used to support factual claims relating to AI governance, digital operational resilience, cross-border banking and supervisory expectations. The second level comprises market and customer experience evidence from Deloitte Switzerland, KPMG, PwC Switzerland and ZHAW. These sources are used to evaluate digital maturity, customer expectations, profitability pressures, consolidation trends and private banking segmentation. The third level comprises academic literature on digital banking, fintech, the adoption of robo-advisors, trust in algorithmic investment advice and responsible AI in financial services.

The analytical procedure comprised four steps. First, sources were selected for each of the study's seven dimensions: technological progress, client expectations, process optimisation, data analytics, risk and security, regulation and compliance, and future industry trajectories. Second, overlapping claims were cross-checked across academic, supervisory, institutional and market sources. Third, factual indicators were separated from authorial interpretation. Fourth, the evidence was translated into analytical tables and figures connecting empirical signals with economic mechanisms. The procedure provides a comprehensive explanation of the impact of digital banking and AI on Swiss

private banking in terms of client service, operations, compliance, analytics and market structure.

The timeframe is 2020–2026, with a particular focus on 2024–2025, as this period contains the most relevant evidence regarding Swiss digital maturity, AI governance, customer expectations, private banking profitability and consolidation. Consequently, the article analyses current transformation mechanisms rather than long-term technological diffusion in banking as a whole.

4. Results

4.1. Technological Progress and the Market Context of Swiss Private Banking

Swiss private banking is characterised by a structural asymmetry: although it remains strong globally in terms of managed wealth, it is comparatively weak in terms of digital delivery. The debate about transformation is often framed as if technological progress were an automatic consequence of financial strength. Evidence from Switzerland points in the opposite direction. Having a large asset base does not automatically produce digital leadership, particularly in a sector whose historical strengths have been confidentiality, international connectivity and personalised advice rather than innovation in the user interface for the mass market.

As shown in Table 1, Switzerland combines exceptional wealth management expertise with a weaker digital service offering. The Swiss banking sector manages 9.3 trillion CHF in assets, including 2.4 trillion CHF in cross-border privately held assets and 4.2 trillion CHF in foreign-origin assets under management. However, Switzerland's digital banking maturity score of 39 is below the global average of 41, and far below the level of a digital champion, which is above 60.

Figure 1 provides a dynamic perspective: It shows that Switzerland moved from 18th place in 2020, to 21st place in 2022, and then to 27th place in 2024, out of a total of 44 geographies. This decline is analytically striking because Switzerland now ranks below not only neighbouring France, Germany, and Italy, but also less intuitive comparators for a Swiss wealth-management centre: Greece is reported by Deloitte in 17th place globally (Deloitte Central Mediterranean, 2024), India records a DBM Index of 59% and has nine banks among the forty Global Digital Champions (Deloitte India, 2025), while Poland has four banks in the same champion group (Deloitte, 2024); by contrast, no Swiss bank appears among Digital Champions (Deloitte Switzerland, 2025a). The Swiss regulator, FINMA, should address this negative trend and support smaller Swiss banks. Otherwise, it could lead to a significant deterioration in the Swiss banking system's overall image and attractiveness.

Together, Table 1 and Figure 1 suggest that there is a growing discrepancy between Switzerland's strengths as a wealth management centre and the digital services it provides. This gap should be understood in the context of the sector's business model, rather than being attributed to underinvestment. Swiss banks operate in a prudential environment that rewards caution when introducing new tools. Historically, affluent clients have accepted slower front-end innovation as long as trust, discretion and performance remain strong. However, many private banks face the fixed costs of digital transformation without the client volume of mass retail institutions. Digital modernisation in Swiss private banking therefore hinges on the interplay of regulation, client composition, market fragmentation, and the capacity to finance technology-intensive service models. The economic implications of this are clear.

Swiss private banks are entering the AI phase with a strong capacity for wealth management, but with

Table 1
Selected Structural and Digital Indicators of Swiss Banking and Private Banking

Indicator	Value	Comparator / context	Analytical meaning
Assets under management in Swiss banking sector	9.3 trillion CHF	Latest Swiss Bankers Association figure	Confirms structural market strength and safe-haven status
Cross-border privately held assets managed in Switzerland	2.4 trillion CHF	>20% of global total	Shows Switzerland's exceptional relevance in international wealth management
Foreign-origin assets under management	4.2 trillion CHF	46% of total AuM	Reveals dependence on cross-border and internationally mobile clients
Swiss digital-banking maturity score (2024 study)	39	Global average 41; digital champions 60+	Swiss banks lag in channel maturity despite strong market position
Swiss position in global digital-maturity ranking	27th of 44	18th in 2020; 21st in 2022	Digital position deteriorated instead of converging
Coverage of Deloitte digital benchmark in Switzerland	12 banks	>80% of Swiss retail market share	Useful proxy for channel capability, but not a direct private-banking measure

Source: Compiled by the author based on Swiss Bankers Association (2025, 2026) and Deloitte Switzerland (2025a).

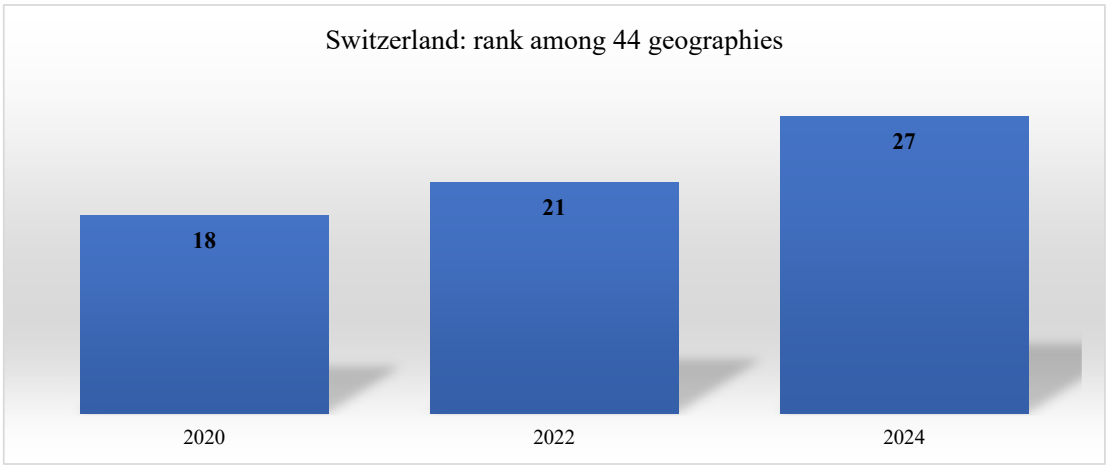


Figure 1. Switzerland's position in Deloitte's global digital banking maturity ranking

Source: Compiled by the author based on Deloitte Switzerland (2025a)

uneven digital delivery. Transformation is therefore likely to be selective rather than uniform. Those with stronger balance sheets, scalable platforms or clearly defined niche models are better placed to fund digital infrastructure and governance systems. Mid-sized institutions face a double burden: not only must they modernise their client-facing services, but they must also absorb higher costs for cybersecurity, data governance, outsourcing control and model validation. Consequently, technological capability is more directly connected with market structure than in earlier phases of Swiss private banking.

4.2. Changing Client Expectations in Private Banking

In Swiss private banking, client expectations are moving in two directions simultaneously: acquisition remains relationship-based, while service execution is becoming increasingly digital. Figures 2 and 3 illustrate this dual trend. Figure 2 shows that word of mouth and personal recommendation are still the most important factors when choosing a bank, ahead of price, product and service offering, digital offering and brand reputation. Referral economics therefore continue to matter more

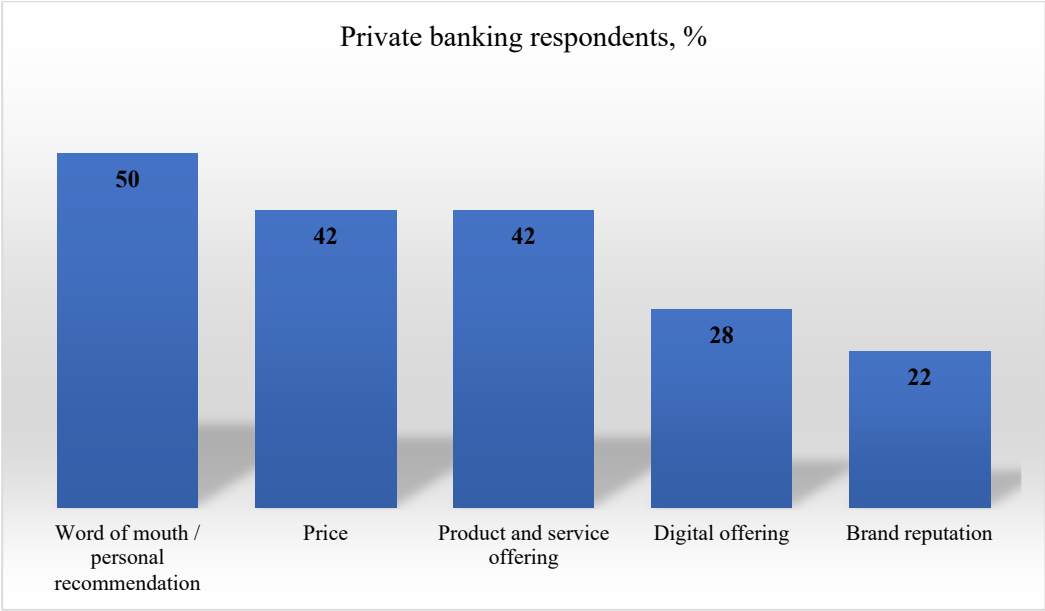


Figure 2. Main factors influencing the choice of a bank among Swiss private-banking customers

Source: Compiled by the author based on Deloitte Switzerland (2025b)

than interface marketing at the initial stage of the relationship.

Figure 3 shows the second stage of the same process. Once an advisory relationship has been established, clients will expect to see concrete digital functionality, such as automated tax-optimisation calculators, document management systems, personalised dashboards, enhanced reporting tools, access to digital assets, virtual investment simulations and AI-driven recommendations.

Figures 2 and 3 together show that, while private-banking clients may still enter through trust channels, they no longer view administrative friction as a sign of exclusivity. Trust establishes the relationship, while digital convenience determines whether the service model continues to be perceived as premium. This combination alters the economic interpretation of digital investment. In Swiss private banking, digital tools safeguard trust-based acquisitions once the relationship has begun. Although a client may initially choose a bank based on its reputation or a referral, administrative friction, slow onboarding, weak reporting or poor document handling can undermine the premium nature of the service. Dashboards, reporting tools, onboarding systems and investment simulations complement advisory work by reducing information friction between meetings, improving transparency and strengthening clients' control over complex wealth management decisions.

From this perspective, underinvestment in digital technology threatens more than just operational efficiency. It undermines the ability to convert trust into long-term revenue relationships. A human-centred bank that is slow to adapt risks turning exclusivity into friction. Figures 2 and 3 therefore suggest that client demand can be interpreted in a hybrid way: relationship quality is still the entry point, but digital service quality is becoming increasingly important in determining whether the relationship continues to feel premium.

4.3. AI-Driven Optimisation of Business Processes

AI is most visibly present in the Swiss private banking sector, where it is changing the speed, cost and reliability of internal processes. Figure 4 shows that AI has progressed from the experimental stage to operational planning in the Swiss financial sector. FINMA's 2025 survey indicates that approximately half of the financial institutions surveyed already use AI or have initial applications in development. Another quarter expect to use AI within three years, and 91% of institutions that use AI already employ generative AI. On average, respondents report around five AI applications in use and nine in development. These figures suggest that AI is a key part of the current operating agenda of Swiss financial institutions.

Table 2 translates this adoption signal into private banking process areas. The greatest economic value lies in repetitive, document-heavy, time-sensitive or pattern-based activities, such as onboarding support, document extraction, case preparation, alert prioritisation, transaction monitoring, meeting preparation, report generation, workflow automation and internal knowledge retrieval. These functions directly impact handling time, labour intensity, error detection and the productivity of advisory staff.

The evidence therefore suggests that AI in private banking should be interpreted as a process optimisation. AI improves throughput in the middle and back offices, reduces administrative processing times and enables highly paid relationship managers to devote less time to low-value documentation and preparation tasks.

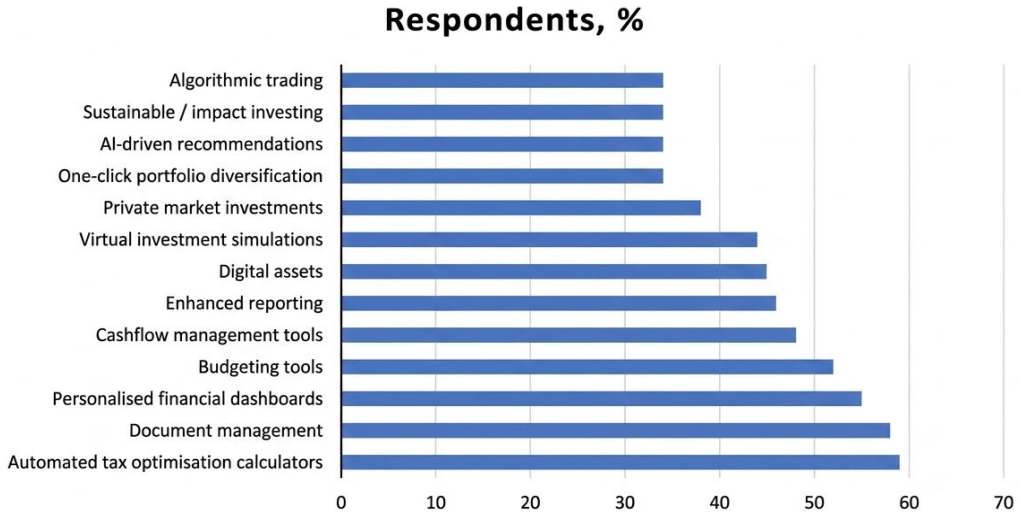


Figure 3. Private-banking demand for superior digital and investment experience in Switzerland

Source: Compiled by the author based on Deloitte Switzerland (2025b).

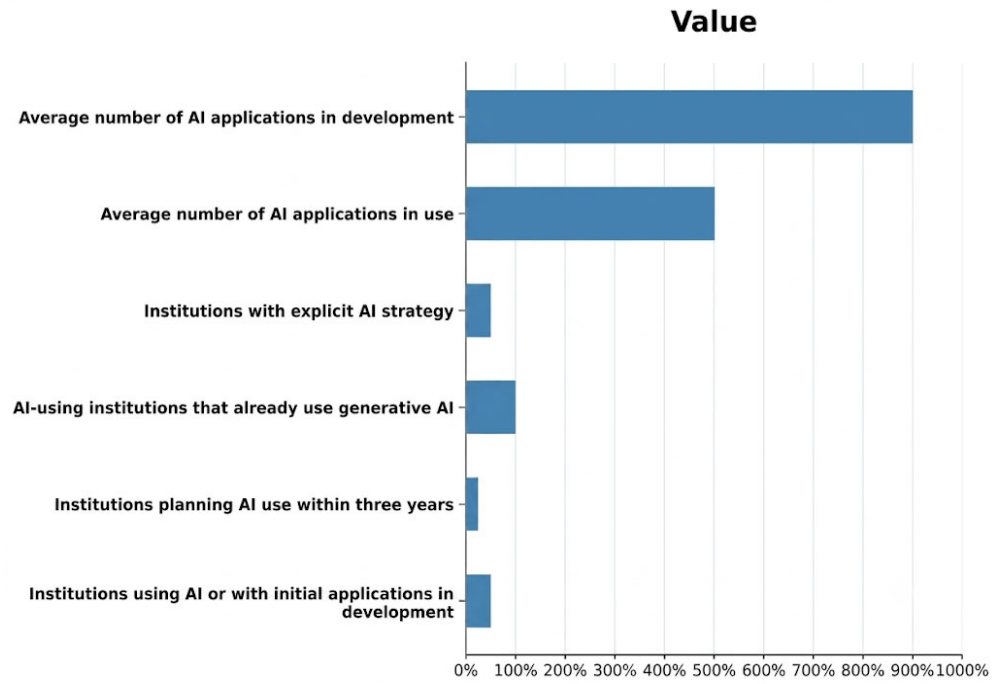


Figure 4. AI adoption and governance signals across Swiss financial institutions

Source: Compiled by the author based on FINMA (2025)

Table 2
AI applications in private banking and their primary economic effects

Process area	Typical AI-supported use case	Primary value channel	Main implementation constraint
Client onboarding	Document extraction, case preparation, routing of missing information	Shorter onboarding time; lower administrative effort	Data quality; explainability; integration with legacy systems
Compliance and AML/CFT	Screening, anomaly detection, adverse-news support, prioritisation of alerts	Higher monitoring productivity; better signal triage	False positives; governance; validation burden
Relationship support	Meeting preparation, summarisation of client files, drafting support	Advisor time reallocated toward client-facing tasks	Confidentiality; human review requirement
Portfolio servicing	Report generation, pattern recognition, dashboard enrichment	Faster reporting and better information access for clients	Reliability of outputs; data lineage
Technology and operations	Code support, workflow automation, internal knowledge retrieval	Productivity gains in internal functions and faster process changes	Third-party dependency; cybersecurity; model control

Source: Compiled by the author based on FINMA (2025) and European Banking Authority (2025a)

The main effects are labour reallocation and accelerated processes. However, fully automated advisory remains a narrower use case because high-value private banking still depends on interpretation, suitability assessment, behavioural judgement and personal trust.

The economic impact of AI depends on organisational readiness. Banks with formalised workflows, clean data environments, integrated compliance functions and robust technology governance can transition more quickly from experimentation to achieving tangible productivity gains. AI therefore favours two types of institution: larger banks, which can spread fixed technology and governance costs across a broad client base; and niche banks, which apply AI within a narrow, well-controlled operating model. Institutions without these advantages will find it harder to turn pilot projects into economic impact.

4.4. Data Analytics, Portfolio Intelligence, and Investment Support

The economic role of AI in Swiss private banking is strongest when understood as analytical augmentation. EBA evidence shows that AI is widely used in client and transaction profiling, customer support, fraud and AML/CFT analysis, internal process optimisation, and increasingly in credit or risk modelling. In private banking, value lies in client segmentation, report

generation, portfolio monitoring, scenario preparation and producing interpretable investment intelligence. While AI can expand the volume, speed and granularity of analysis, final advisory value continues to depend on suitability assessment, portfolio fit, behavioural judgement and the client's broader wealth objectives.

Table 3 outlines the primary channels through which data analytics and AI enhance portfolio intelligence in private banking. Client profiling and clustering enable more targeted service models and a more efficient allocation of advisory resources. Portfolio monitoring enables deviations, concentration risks and reporting anomalies to be identified more quickly. Scenario and simulation tools help to prepare for investment discussions. Reporting and dashboard enrichment enhance the perceived quality of service by providing clients with more detailed and personalised information.

Rather than bypassing it, these channels strengthen the adviser–client interaction. Enhanced reporting, access to digital assets, virtual simulations and AI-driven recommendations make advice more transparent and testable before decisions are made, as well as making it more responsive between formal review meetings. In economic terms, AI increases the productivity of interpretation. It improves the informational environment in which advisory judgement is formed and communicated.

4.5. Risks and Security Challenges

The economic benefits of AI are inextricably linked to a new concentration of operational and reputational risk. FINMA's 2024 guidance highlights data quality, data protection, explainability, data security risks, accuracy, and outsourcing risks as key supervisory concerns. The EBA comes to a similar conclusion regarding EU banks, emphasising the importance of explainability, reliability, cybersecurity, privacy and reliance on third-party providers. In Swiss private banking, these risks carry additional weight because the service proposition relies as much on confidentiality and sound judgement as it does on performance.

Three risks are particularly significant. The first is the risk of confidentiality being compromised. High-net-worth clients may only accept digital tools if they do not reduce the bank's control over highly sensitive personal, legal or transaction data. The second is the reliability of models and outputs. Not only is a hallucinated or weakly explainable AI output a technical defect, but in advisory work it can also lead to suitability and reputational problems. The third issue is outsourcing dependency. FINMA's 2025 survey shows an increasing use of external providers and a widespread reliance on generative AI services. This increases the risk of concentration in cloud and platform infrastructures.

Table 4 shows that risk governance has become integral to the competitive capacity of Swiss private banks. Data protection, explainability, cybersecurity, dependency on outsourcing, and weak segmentation logic can directly impact reputation, client retention, legal exposure, operational continuity and suitability risk. A bank that can govern data flows, vendor concentration, model testing and explainability can implement digital tools at a lower risk-adjusted cost. Without these capabilities, a bank will experience slower adoption, higher control costs and greater exposure to reputational loss. Therefore, risk governance functions as a determinant of an economically viable digital strategy.

4.6. Regulation and Compliance Adaptation

Regulation directly influences the possible ways in which digitalisation can be implemented in Swiss private banking. According to FINMA Guidance 08/2024, clear governance, risk management, inventory discipline and accountability are required for the use of AI. AI deployment must be traceable across use cases, risks, ownership, controls and output review procedures. AI implementation therefore becomes an issue of governance, compliance and control integrated with technology management.

Table 5 situates Swiss supervisory expectations within the wider European regulatory context. The EU's DORA, which will be applicable from

Table 3
Data analytics and portfolio-intelligence channels in Swiss private banking

Analytical use	What AI improves	Economic implication for private banking	Boundary condition
Client profiling and clustering	Faster segmentation by behaviour, preferences, risk appetite, and transaction history	More targeted service models and more efficient allocation of advisory resources	Risk of overfitting and weak explainability
Portfolio monitoring	Detection of deviations, concentration risks, and reporting anomalies	More timely interventions and improved service quality	Human validation remains necessary
Scenario and simulation support	Rapid generation of alternative portfolio or liquidity scenarios	Better preparation for investment discussions and client retention	Outputs require interpretation and suitability checks
Reporting and dashboard enrichment	More granular and personalised client information	Higher perceived service quality and potential for referral retention	Dependent on clean data and secure architecture

Source: Compiled by the author based on Deloitte Switzerland (2025b) and European Banking Authority (2025a).

Table 4
Risk map for digital and AI-enabled private banking in Switzerland

Risk category	The reasons why Swiss private banking is so acute	Main economic exposure	Control implication
Data protection and confidentiality	Client files often include highly sensitive personal, tax, legal, and cross-border information	Reputational damage, client attrition, legal exposure	Tighter access controls, data minimisation, provider due diligence
Explainability and correctness	Advice must remain interpretable and defensible to affluent clients and supervisors	Suitability failures, mis-selling risk, weak user trust	Model documentation, human review, output testing
Cybersecurity and infrastructure resilience	Digitalisation increases the attack surface across client portals, cloud services, and data flows	Service interruption, financial loss, trust erosion	Incident response, resilience testing, ICT governance
Outsourcing and provider concentration	External AI and cloud vendors increasingly support core processes	Strategic dependency, lock-in, operational contagion	Vendor mapping, contingency planning, contractual safeguards
Bias and weak segmentation logic	Poorly governed models may produce unsuitable or unstable client classifications	Misallocation of advisory attention, poor portfolio fit	Model validation, challenge processes, governance ownership

Source: Compiled by the author based on FINMA (2024, 2025) and European Banking Authority (2025a).

17 January 2025, establishes a harmonised framework for ICT risk management, incident handling, resilience testing and third-party oversight in the financial services sector. The EU AI Act came into force in 2024, with the majority of its key obligations taking effect on 2 August 2026, while some obligations will be introduced earlier. According to the EBA's 2025 mapping exercise, the AI Act complements existing EU banking legislation. This means that institutions must integrate AI governance with established controls relating to prudential matters, conduct, ICT and outsourcing.

The strategic issue for Swiss private banks is spillover. Cross-border wealth management, clients linked to the EU, outsourced technology stacks and international benchmarking mean that EU digital resilience and AI governance standards are relevant even beyond their direct legal scope. Therefore, compliance capacity becomes part of strategic positioning. While banks with stronger governance and documentation systems can industrialise AI more quickly, weaker institutions may view compliance as a fixed cost, accelerating consolidation, outsourcing or a more niche positioning.

4.7. Future Industry Trajectories

Table 6 shows that there has been polarised adaptation rather than uniform digital convergence. In 2024, only 31% of Swiss private banks achieved a return on equity above their cost of equity, while almost two-thirds recorded a weaker cost-income ratio than the previous year. Efficiency is concentrated in a limited group.

Table 5
Regulation and compliance implications for Swiss private banking

Regulatory source	Core expectation	Relevance for Swiss private banks	Strategic implication
FINMA Guidance 08/2024	Governance, inventory, accountability, risk management for AI use	Direct supervisory relevance in Switzerland	AI adoption requires board-level and control-function involvement
FINMA AI survey 2025	Monitoring of AI uptake, strategy, outsourcing, and governance practices	Direct market signal and supervisory benchmark	Pressure to formalise AI strategy and documentation
DORA (applicable from 17 January 2025)	ICT risk management, third-party oversight, resilience testing, incident handling	Indirect but strong spillover for EU-facing Swiss banks and outsourced infrastructures	Raises the fixed cost of operating digital ecosystems
EU AI Act (general application from 2 August 2026)	Risk management, data governance, human oversight, transparency, post-market monitoring	Indirect but strategically relevant for EU-linked services and standards convergence	Favors institutions able to integrate AI governance with existing control architecture
EBA mapping of AI Act interplay (2025)	AI Act largely complements existing sectoral banking law	Useful interpretive benchmark for cross-border institutions	Suggests that compliance advantage will come from integration, not from parallel silos

Source: Compiled by the author based on FINMA (2024, 2025), European Insurance and Occupational Pensions Authority (2025), and European Banking Authority (2025a, 2025b).

Forty per cent of banks in the strong cluster remained below a 70 per cent cost-income ratio, while the number of weak banks with a ratio above 90 per cent increased to 15. PwC's evidence suggests that, while large private banks reduced their combined cost-income ratio to below 70% in 2024, smaller banks saw a deterioration in their performance as interest income weakened. These indicators suggest that banks lacking either scale or a sharply focused service model are under increasing pressure.

Figure 5 adds a structural dimension to the evidence of profitability in Table 6. Since 2010, the number of small Swiss private banks has fallen substantially, while the number of large banks has remained stable and the medium segment has fluctuated. KPMG expects the total number of Swiss private banks to fall from 85 at the start of 2024 to fewer than 80 by the end of 2025, primarily due to domestic consolidation. The presence of excess capital, high shareholder distributions and ongoing consolidation indicates that the sector is shifting capacity towards business models that can withstand margin compression, technological investment, regulatory pressure and fixed governance costs more effectively.

Three trajectories can be deduced from the evidence. The first is augmented private banking, where large or operationally disciplined banks integrate AI into processes such as onboarding, monitoring, reporting, compliance support and investment preparation, while maintaining human advisory services at the core of client value. The second is a polarised market structure, in which one group of institutions competes based on scale, international reach and investment in platforms, while another survives by focusing on a specific niche. The third is compliance-driven consolidation, whereby banks that are unable to absorb the fixed costs of technology and governance merge, outsource more extensively, or narrow their scope of services. These developments do not signal the end of Swiss private banking. Rather, they suggest a shift towards a more hybrid, data-intensive and governance-sensitive model of competition.

Table 6

Selected profitability and consolidation signals in Swiss private banking

Metric	Value	Interpretation
Banks with RoE above cost of equity in 2024	31%	Most institutions do not clearly cover their cost of capital
Banks in strong cluster with cost-income ratio below 70%	40% of banks	Operational efficiency is concentrated in a limited group
Weak banks with cost-income ratio above 90%	15 banks	Profitability pressure is materially concentrated among weaker institutions
Net profits distributed to shareholders over past five years	80%	Signals abundant capital but limited high-return investment opportunities
Excess capital in sector	22 billion CHF	Capital exists to fund transformation, but allocation is selective
Large private-bank AuM cluster	>CHF 3.0 trn	Scale remains a decisive competitive asset
Absolute NFCI growth in 2024	7% to 9%	Commission income increasingly dominates earnings as rates fall
Expected number of Swiss private banks by end-2025	<80	Consolidation remains a live market response

Source: Compiled by the author based on KPMG (2025) and PwC Switzerland (2025).

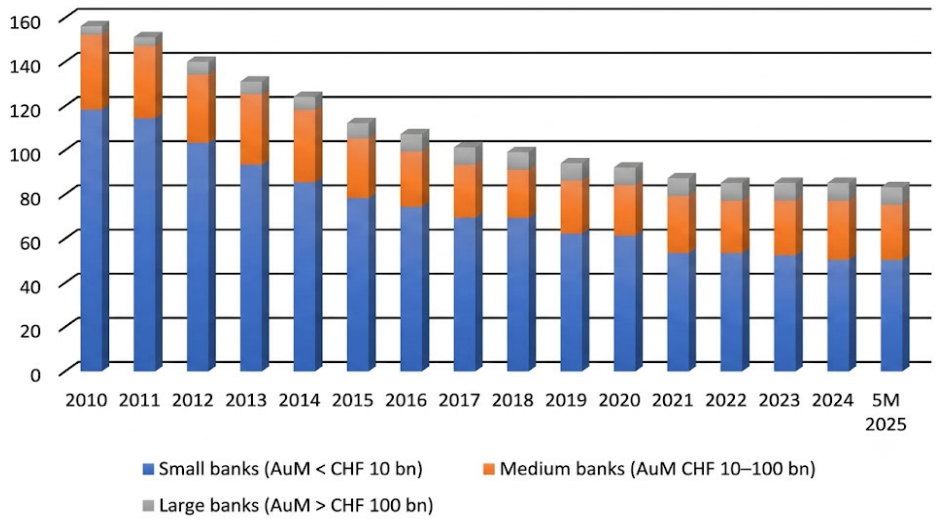


Figure 5. Number of Swiss private banks by assets-under-management size, 2010–5M 2025

Source: Compiled by the author based on KPMG (2025)

5. Discussion

The evidence suggests that Swiss private banking is undergoing a task-based transformation. Digital banking and AI are redistributing work between relationship managers, data systems, operational platforms and control functions. Codifiable tasks such as document handling, summarisation, standard monitoring, reporting, alert triage and first-pass analytics are becoming increasingly amenable to AI support. Advisory functions involving trust formation, suitability interpretation, behavioural judgement and reputational reassurance are still rooted in human interaction. AI therefore enters Swiss private banking as an additional layer of productivity for advisers and the banks' control architecture.

The economic mechanism is based on reducing information and processing frictions. Digital banking improves access, speed, transparency and continuity of service. AI enhances the classification, summarisation, routing, monitoring and interpretation of large volumes of data. These effects increase operating leverage, enabling standardisation to be introduced without compromising the perceived quality of a bespoke service. The relationship manager remains central because high-net-worth clients do not judge private banking solely on interface quality or transaction speed. Rather, they assess whether complex financial, tax, legal and investment information is transformed into reliable and robust advice.

The Swiss digital divide mirrors the structure of the sector. Lower digital maturity rankings are associated with a cautious approach to regulation, an historical service model based on discretion and personal continuity, and a fragmented market in which many institutions are unable to spread technology and compliance costs efficiently. Digital lag therefore becomes economically significant when client expectations change more quickly than the operating model can adapt. Banks that combine advisory expertise with a scalable digital infrastructure can maintain the premium nature of their relationships. However, banks that prioritise personal service over administrative efficiency risk creating a growing mismatch between their brand promise and the experience they provide to clients.

Overcoming this gap does not mean that Swiss private banks have to abandon their relationship-based model or imitate retail neo-banks. A more plausible approach would be to selectively catch up digitally, focusing on areas where digital weakness most directly damages the private-banking value proposition. Firstly, banks need to streamline high-value client journeys, including onboarding, document exchange, tax and suitability documentation, portfolio reporting, mobile access, dashboard personalisation and execution support. These are not just added conveniences; in a premium advisory model, administrative slowness can reduce the perceived quality of a trust-based service. Second, AI should be embedded as an adviser-centred infrastructure rather than as an autonomous advisory substitute: client-file summarisation, preparation of review meetings, portfolio-monitoring alerts, scenario generation, compliance triage, and reporting automation can increase the frequency and quality of adviser-client interaction without transferring final judgement to the model.

Thirdly, digital investment must evolve from isolated front-end features to an interoperable data architecture. Swiss open-finance initiatives, including standardised API work and wealth-management-specific OpenWealth standards, as well as a broader policy emphasis on high-quality data and integrated data infrastructure, suggest that secure data exchange, consent management and connectivity with WealthTech providers could help to reduce fragmentation within the service ecosystem (State Secretariat for International Finance, 2025). Fourthly, the catch-up process must be governed from the outset by AI inventories, model testing, explainability procedures, outsourcing controls, cybersecurity safeguards and clear ownership of data and model-related risks.

Switzerland's digital lag can only be reduced if banks treat digitalisation as a transformation of services, data and governance. While large banks are better placed to build broad platforms, smaller private banks need more focused digital strategies centred on a limited number of client journeys, advisory specialisations or external asset manager interfaces. The strategic objective is to create a digitally reinforced advisory model that enables Swiss private banks to preserve trust and discretion while providing a faster, more transparent service that is less costly to operate.

The same logic applies to AI governance. Cybersecurity, outsourcing control, explainability, data protection, model validation and documentation requirements are not peripheral issues of control. They determine whether digital tools can be scaled up for use in reputation-sensitive, cross-border businesses. Scale matters because it reduces average technology and governance costs. However, niche positioning remains viable when the service model is specific, consistent, and operationally efficient. The likely outcome is therefore a more polarised market, with larger banks competing through investment in platforms and governance capacity, and smaller institutions surviving through a sharper focus rather than broad technological imitation.

The evidence suggests that a hybrid approach is best for Swiss private banking. AI will enhance the analytical and operational capabilities of banks, and its greatest strength lies in augmenting advisory work in a controlled manner. In the future, the competitive boundary will

be drawn between institutions that can align trust, technology, compliance and cost structure, and those that treat digitalisation as an isolated IT upgrade.

6. Conclusions

The integration of digital banking and artificial intelligence is transforming Swiss private banking in seven key areas: technological progress, evolving customer expectations, process optimisation, data analytics, risk management and security, regulatory compliance, and future industry trends. Although Switzerland remains a structurally strong wealth management centre, its position in the digital services sector is weaker than its market status would suggest. While private-banking clients still enter relationships based on trust, referrals, reputation and personal continuity, they also expect faster onboarding, stronger reporting, improved document flows, personalised dashboards and more advanced investment functionality once the relationship has begun.

Artificial intelligence is already having an economic impact on onboarding, documentation, monitoring, reporting, segmentation, compliance support and portfolio intelligence. Its main impact is to augment advisory work by enabling faster processing, better information structuring and more efficient use of relationship managers' time. The relationship manager remains central to private banking because the final value proposition depends on trust, discretion, judgement of suitability, and the ability to translate complex information into defensible decisions for high-net-worth clients. Rather than replacing the role itself, AI strengthens the operating environment around this role.

The article's main conclusion is that meaningful changes are ahead in Swiss private banking, but these will take the form of strategic reconfiguration rather than straightforward digital substitution. The most plausible trajectory is a hybrid model in which human advisory services remain at the core of client value, while AI enhances analytical depth, processing speed, compliance productivity and service continuity. At the market level, digitalisation and AI are likely to intensify polarisation. Institutions of sufficient size can absorb the costs of technology, cybersecurity, outsourcing, data governance and model validation more effectively. Smaller institutions can remain competitive by adopting a sharply focused niche strategy instead of trying to imitate the breadth of larger platforms. Nevertheless, the negative trend identified in this article regarding smaller Swiss banks requires urgent attention from FINMA in order to preserve the reputation and standing of the Swiss banking industry.

The study is limited by the availability of publicly accessible evidence. Rather than relying on confidential bank-level cost data or primary interviews with private bankers and clients, it relies on academic literature, supervisory materials, institutional reports, market studies and customer-experience evidence. Further research should examine the mechanisms identified here using private banking case studies, interviews with relationship managers and control functions, client-level service data and bank-level cost analyses of AI implementation. The present article provides a coherent economic interpretation of the current transformation in Swiss private banking. AI preserves the human element of advisory work, but changes the economic conditions under which it remains competitive.

References:

Barile, D., Secundo, G., & Bussoli, C. (2024). Exploring artificial intelligence robo-advisor in banking industry: A platform model. *Management Decision,* 63(10), 3323–3349. https://doi.org/10.1108/MD-08-2023-1324

Belanche, D., Casalo, L. V., & Flavian, C. (2019). Artificial intelligence in FinTech: Understanding robo-advisors adoption among customers. *Industrial Management & Data Systems*, 119(7), 1411–1430. https://doi.org/10.1108/IMDS-08-2018-0368

Boot, A. W. A., Hoffmann, P., Laeven, L., & Ratnovski, L. (2021). Fintech: What's old, what's new? *Journal of Financial Stability*, 53, 100836. https://doi.org/10.1016/j.jfs.2020.100836

Deloitte. (2024). Digital Banking Maturity 2024: Kluczowe wnioski dla polskiego rynku na podstawie wyników raportu DBM. https://www.efcongress.com/wp-content/uploads/2024/11/Digital-Banking-Maturity-2024.pdf

Deloitte Central Mediterranean. (2024). Digital Banking Maturity 2024. https://presentations.boussiasevents.gr/ files/_boussias_conferences_content/presentations/bank_managenent/2024/deloite_bank_management_2024.pdf

Deloitte India. (2025). Deloitte India's Digital Banking Maturity (DBM): Charting the road ahead for banks in India. https://www.deloitte.com/in/en/Industries/financial-services/solutions/digital-banking-maturity-in-india-2025.html

Deloitte Switzerland. (2025a). Digital Banking Maturity Study 2024. https://www.deloitte.com/ch/en/Industries/financial-services/research/digital-banking-maturity-study.html

Deloitte Switzerland. (2025b). Banking Customer Experience Maturity Study 2025: Key insights for Swiss banks. https://www.deloitte.com/ch/en/Industries/financial-services/research/cx-maturity-banking-study.html

European Banking Authority. (2025a). Rising application of AI in EU banking and payments sector. https://www.eba.europa.eu/sites/default/files/2025-09/146b3558-d026-47bf-a872-f05e93ed30d2/Rising%20application%20of%20AI%20in%20EU%20banking%20and%20payments%20sector.pdf

European Banking Authority. (2025b). AI Act: Implications for the EU banking and payments sector. https://www.eba.europa.eu/sites/default/files/2025-11/d8b999ce-a1d9-4964-9606-971bbc2aaf89/AI%20Act%20implications%20for%20the%20EU%20banking%20sector.pdf

European Insurance and Occupational Pensions Authority. (2025). Digital Operational Resilience Act (DORA). https://www.eiopa.europa.eu/digital-operational-resilience-act-dora_en

FINMA. (2024). Governance and risk management when using artificial intelligence: FINMA Guidance 08/2024. https://www.finma.ch/en/~/media/finma/dokumente/dokumentencenter/myfinma/4dokumentation/finma-aufsichtsmitteilungen/20241218-finma-aufsichtsmitteilung-08-2024.pdf

FINMA. (2025). FINMA survey: Artificial intelligence gaining traction at Swiss financial institutions. https://www.finma.ch/en/news/2025/04/20250424-mm-umfrage-ki/

Jünger, M., & Mietzner, M. (2020). Banking goes digital: The adoption of FinTech services by German households. *Finance Research Letters,* 34, 101260. https://doi.org/10.1016/j.frl.2019.08.008

KPMG. (2025). Clarity on Swiss private banks. https://kpmg.com/ch/en/industries/banking/financial-market-swiss-private-banks.html

Künzle, C., & Hefti, J. (2024). Wealth management in Switzerland 2024. Zurich University of Applied Sciences. https://digitalcollection.zhaw.ch/items/4697b669-6489-4e1f-9838-51f95215ef98

PwC Switzerland. (2025). Private Banking Market Update 2025. https://www.pwc.ch/en/publications/2025/deals/ch-Private%20Banking%20Market%20Update%202025.pdf

Salo-Lahti, M. (2022). Good or bad robots? Responsible robo-advising. *European Business Law Review*, 33(5), 239–254. https://doi.org/10.54648/EULR2022030

Scherer, B., & Lehner, S. (2023). Trust me, I am a robo-advisor. *Journal of Asset Management,* 24(2), 85–96. https://doi.org/10.1057/s41260-022-00284-y

Seiler, V., & Fanenbruck, K. M. (2021). Acceptance of digital investment solutions: The case of robo advisory in Germany. *Research in International Business and Finance,* 58, 101490. https://doi.org/10.1016/j.ribaf.2021.101490

State Secretariat for International Finance. (2025). Building blocks for smart finance in Switzerland. https://www.sif.admin.ch/dam/de/sd-web/0uGU5ZH8-FDO/Buliding%20Blocks%20for%20Smart%20Finance%20in%20Switzerland.pdf

Swiss Bankers Association. (2025). Banking Barometer 2025. https://www.swissbanking.ch/_Resources/Persistent/6/6/7/a/667ae8199cc6fed8ad857c5579e4d2e52a454b50/Banking-barometer_2025_EN.pdf

Swiss Bankers Association. (2026). Open markets: Powering global connectivity. https://www.swissbanking.ch/_Resources/Persistent/4/9/9/e/499efa00a9b7ac82bf90e7c4ddec99c25e149bf3/Open%20Markets.pdf