



Digitization, European Policy & Open Markets, Regulation

Digitalization: EU rowing back - *and Switzerland soon against the tide?*

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At a glance

- The **Digital Omnibus** is a new EU reform package that bundles various digital laws in order to reduce bureaucratic hurdles and promote innovation through clear rules.
- This **regulatory change of course** increases the pressure on Switzerland to strategically sharpen its own framework conditions, particularly with regard to AI, digital administrative procedures and interoperability.
- In order to remain attractive in the **competition between locations** and avoid disadvantages for domestic companies, Switzerland must ensure that its national rules are not more restrictive or complicated than the new EU standard.

The European Commission has sent a clear signal with the Digital Omnibus: After years of regulatory expansion, a phase of relief is now following. The aim is to eliminate duplication, harmonize rules and simplify processes. The EU thus recognizes that excessive regulation jeopardizes competitiveness. For companies, this means less bureaucracy and therefore less unnecessary administrative waste.

The adjustments have quite in itself: extending the implementation deadlines for high-risk AI systems that data processing was deregulated, a central reporting portal for cybersecurity and the bundling of data rules in the Data Act. In addition, a European Business Wallet will be established to massively simplify cross-border processes. This could save companies up to 150 billion euros a year.

But what does this mean for Switzerland? There is a lack of awareness here of the implications of these steps. While the EU is streamlining its regulation, Switzerland is threatening to create a regulatory island solution with hasty initiatives. Anyone who regulates more strictly than the EU now risks disadvantages as a business location. If the EU opens up leeway and at the same time defines clear obligations, Switzerland must not be more restrictive.

The lessons are clear:

- **AI regulation.** No assumption of special European burdens. Overly broad regulation would slow down young companies and prevent new models.
- **Platform regulation.** Moderation, pragmatism and legal clarity are needed to avoid creating unnecessary hurdles for digital business models.
- **Digital sovereignty.** A strategic, internationally compatible orientation is necessary. Dispersion would be a competitive risk.
- **Interoperability and One-Stop-Government.** Without a fully functioning digital administration, Switzerland will lose its attractiveness.

The following examples show that time is of the essence: While the EU is introducing a business wallet, Swiss companies are struggling with cantonal login systems. Companies in this country spend almost every second franc of their tech budget on compliance. If you don't want Switzerland to become less attractive as a business location, you have to start here.

With the developments in the EU behind it, Switzerland must not step on the gas when it comes to regulating the digital space. Instead, it should step on the brakes in a controlled manner. It is crucial to ensure reliable, competitive framework conditions combined with regulatory restraint. After all, regulation is not a driver of innovation, but often a brake pad. The digital locational advantage - Switzerland will lead the IMD Digital Competitiveness Index in 2025 - is not a law of nature. It is based on smart decisions and pragmatic policies. We must continue on this course in a targeted manner.



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