AUDIT

Audit of the use of artificial intelligence in supervision

Swiss Financial Market Supervisory Authority

KEY FACTS

The Swiss Financial Market Supervisory Authority (FINMA) is the central supervisory authority for the Swiss financial market. In the 2024 financial year, its remit covered approximately 30,000 financial institutions and products. FINMA's objective is to safeguard the functionality, integrity and competitiveness of the financial centre. To fulfil its supervisory role, FINMA had a budget of CHF 154 million and employed an annual average of 695 staff. Its strategy includes increasing the efficiency of its activities through the use of innovative technologies such as artificial intelligence (AI).

The Swiss Federal Audit Office (SFAO) assessed the use of AI systems in FINMA's supervision. The audit focused on three key fields of action: earning trust, increasing efficiency and developing skills. The AI sub-strategy published by the Federal Chancellery for the use of AI systems in both the central and decentralised Federal Administration provided the basis for defining the content of the fields of action audited by the SFAO.

The audit focused on whether AI is being used in accordance with the principles of trustworthiness and cost-effectiveness. FINMA is currently in the early stages of developing methodological and organisational AI skills. As a result, the audit identified a clear need for action in the areas of impact monitoring and the evaluation of AI system trustworthiness.

Recognised potential and initial experience with the use of artificial intelligence

In 2018, FINMA established a cross-divisional organisational unit to specifically develop modern supervisory technologies. Although most of the AI systems developed by FINMA are still at the prototype stage, the results to date demonstrate practical approaches for future technology-based supervision. Based on the fields of action outlined in the AI sub-strategy, the SFAO drew the following conclusions:

FINMA has established the initial prerequisites for the use of AI systems in supervision. These include the development of an AI strategy and the categorisation of information. However, there is currently no institutionalised framework for the trustworthy design of AI systems (see field of action: earning trust). As a result, AI systems currently in use are not yet systematically evaluated against normative criteria such as transparency, reliability or non-discrimination. The audit also found that structured procedures for systematically assessing the impact and cost-effectiveness of deployed AI systems have not yet been implemented (see field of action: increasing efficiency). Finally, it was noted that FINMA contributes its expertise in data science and artificial intelligence to existing knowledge and exchange formats within the Federal Administration only on a selective basis (see field of action: developing skills).

Promising foundation for expanding technology-based supervision

The audit showed that FINMA has established a promising foundation for the use of AI systems in supervision. The AI systems developed are already providing selective support in supervisory practice, such as in data preparation and pre-analysis. Consistently advancing these capabilities offers the prospect of strengthening supervisory functions in the future. Furthermore, the experience gained so far presents opportunities for mutual exchange, from which both the Federal Administration and FINMA can benefit in their use of AI technologies.