

Regulatory Impact Assessment: Revision of the SPTO

Abstract and key findings

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Switzerland has established itself as a leading location for business models based on digital trust. This is thanks to its political neutrality and stability, its pragmatic regulatory approach, and its access to skilled talent. Even without a comprehensive digital strategy, the existing framework has provided sufficient legal certainty and predictability to foster innovation in areas such as cybersecurity, secure communications, and cloud services.

This report examines the economic implications of the proposed revision of the Ordinance on the Surveillance of Post and Telecommunications (SPTO). Drawing on stakeholder interviews, firm-level cost estimates, and quantitative projections, it finds that the proposed revision constitutes a material departure from established regulatory principles, with economy-wide effects that are particularly pronounced in the digital trust sector. Although formally framed as proportional, the proposed revision would subject most providers of derived communication services to tighter obligations, generating substantial costs and converting Swissness from an asset into a liability.

Full implementation of the proposed revision could result in welfare losses of up to CHF 36 billion and employment losses of up to 219'300 jobs in the digital trust sector by 2035. More fundamentally, the revision risks undermining regulatory coherence and Switzerland's reputation as a trusted jurisdiction—representing a potential tipping point for its role as an international hub for digital trust innovation, with spillovers affecting the broader Swiss economy.

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Key findings


Overview of the current situation

 **Switzerland's digital policy is currently characterised by a fundamental ambiguity that threatens its standing as a trusted business hub.**


While the strategy "Digital Switzerland" aims to promote data sovereignty and citizen trust, the proposed revision of the SPTO introduces regulatory uncertainty and causes ultimately strategic incoherence.

 **A vast majority of the responses in the public consultation oppose the draft of the SPTO revision, reflecting resistance across the entire political and economic spectrum.**

The opposition spans the entire political and economic spectrum, from civil society groups referring to unconstitutional mass surveillance to venture capital funds fearing harmful effects for the startup ecosystem.

 **The revision of the SPTO would markedly extend scope and intrusiveness of surveillance obligations in Switzerland.**

The new structure aims for proportionality, but in practice, most PDCS would be subject to significantly tightened surveillance obligations (e.g. metadata retention and encryption removal).


 **The proposed revision places Swiss firms at a structural disadvantage compared to their peers in the EU and the US.**

International comparisons show that both the EU and US have either moved away from or never introduced indiscriminate data retention obligations. By enforcing metadata retention and automatic disclosure, Switzerland would establish a regime that is significantly more intrusive than those of comparable jurisdictions.

Impacts on affected companies


 **Several thousand companies could be impacted, with projected compliance costs per firm expected to run into the millions.**

At this stage, direct cost estimates are inherently uncertain and strongly depend on implementation details and the affected firm's business model. In the long run, indirect costs (e.g. regulatory uncertainty or opportunity costs) may outweigh the direct costs.


 **The damage is already being done – Swissness is already today transforming from a premium competitive asset into a strategic liability for privacy-centric firms.**

Regulatory uncertainty is already being leveraged by international competitors in B2B-tenders to question the reliability of Swiss providers. This reputational erosion is economically significant, given that trust is one of the main reasons why customers choose Swiss services.


Macroeconomic analysis

 **The digital trust sector is an important growth engine for Switzerland, but its momentum is highly sensitive to regulatory shocks.**


With global demand for digital trust services rising, the Swiss digital trust market is positioned for substantial growth over the next decade. However, a "reputational shock" resulting from the SPTO revision could lock Switzerland into an unfavourable development path, hindering the formation of tech clusters.

 **Negative spillovers could extend far beyond the tech sector, threatening Switzerland's broader trustworthiness.**


Trust is all but an irrelevant factor; it affects total factor productivity (TFP), capital accumulation, innovation incentives, and location decisions of globally mobile firms. If the "Swiss trust premium" dissipates, even non-directly affected services in other sectors could see reduced international competitiveness.

 **Quantitative projections suggest that a full implementation of the revision could result in a welfare loss from the digital trust sector of up to CHF 36 billion in 2035.**

The divergence between the status quo and the proposed revision reveals a staggering gap in economic value creation, representing 3 to 4 percent of Swiss GDP. While the lower-bound estimate indicates a welfare loss of CHF 3 billion, the upper bound suggests that the impact of the foregone growth may be much more severe for the Swiss economy.

 **Cumulative tax revenue losses from the digital trust sector are projected to reach up to CHF 22 billion for the next decade.**

The estimated cumulative tax revenue losses of CHF 3 to 22 billion over the period 2025-2035 in comparison to the status quo, are due to foregone receipts from value-added tax (VAT), profit taxes, and income taxes.

 **The revision of the SPTO risks a massive brain drain, with estimated employment losses of up to 219'300 jobs over the next decade.**

While compliance may create some specialised jobs, the net effect of firms downsizing or exiting the market is clearly negative. By 2035, foregone job creation could severely impact the Swiss labour market, with estimated losses ranging from 22'400 to 219'300 jobs.