# Scotland’s AI-driven economy poised for global leadership



Scotland’s business landscape in 2025 is showing exceptional resilience and adaptability, with 94 per cent of mid-sized firms exceeding annual targets. This growth is driven by enhanced access to finance, capital investment and, crucially, the strategic adoption of advanced artificial intelligence and digital tools.

A key shift is underway from generative AI—used to produce content and insights—towards agentic AI, which autonomously makes decisions and executes multi-step tasks in real time. This evolution requires businesses to codify tacit knowledge, formalise workflows and implement strong governance. Jamie O’Neill, a technology and legal expert, said agentic AI success depends on aligning digital initiatives with long-term strategy while ensuring ethical and legal compliance.

More than a third of Scottish firms plan to increase capital expenditure and half are pursuing strategic partnerships. This momentum makes the upcoming Scottish Budget pivotal, particularly for tackling skills shortages and infrastructure costs. Observers point to initiatives like the £26 billion Infrastructure Investment Plan, Techscaler and the Digital Economy Skills Action Plan as vital for sustained digital growth. UK-wide developments will also shape the environment for Scottish firms. The proposed Cyber Security and Resilience Bill aims to modernise cybersecurity laws by introducing stricter rules for service providers and SMEs, and giving regulators stronger enforcement powers.

This comes amid a surge in cyberattacks, with Cabinet Office Minister Pat McFadden revealing a near tripling of serious incidents in 2024. Major businesses such as Marks & Spencer and Harrods were among those affected. McFadden said cybersecurity must now be seen as essential national infrastructure, requiring investment and legal protections.

In response, the UK has introduced a voluntary Code of Practice for AI system security, the first of its kind globally. It sets clear standards for AI-related cyber risk management and seeks to influence international norms via institutions like the European Telecommunications Standards Institute.

AI governance is also under increasing scrutiny. The proposed Artificial Intelligence (Regulation) Bill would create an independent authority to ensure regulatory coherence, transparency and ethical oversight. Although not yet adopted, it reflects growing calls for more rigorous AI regulation.

Meanwhile, Bank of England Governor Andrew Bailey has urged financial regulators to embrace AI and data science. Speaking at the London School of Economics, Bailey said AI could help detect early signs of misconduct and strengthen oversight without harming economic stability.

Together, these developments signal a transformative era for Scottish and UK businesses. Those that integrate AI within robust strategic frameworks—and adapt to new cybersecurity and regulatory landscapes—will be well-placed to lead in the next phase of digital innovation. With the right support, Scotland can emerge as a model for responsible, high-impact technology adoption on the global stage.

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## Bibliography

1. <https://www.scotsman.com/business/real-intelligence-is-to-embrace-new-generation-of-digital-technologies-5328827> - Please view link - unable to able to access data
2. <https://www.gov.uk/government/collections/cyber-security-and-resilience-bill> - The UK government has announced the forthcoming Cyber Security and Resilience Bill, aiming to enhance the nation's cyber defences and protect essential public services. The bill will expand the scope of existing regulations to include managed service providers, data centres, and high-impact SMEs, imposing stricter security standards and increasing supply chain oversight. Regulators will be empowered to intervene swiftly in response to emerging threats, ensuring that critical infrastructure and digital services are secure. The bill is expected to be introduced to Parliament in 2025.
3. <https://www.gov.uk/government/news/world-leading-ai-cyber-security-standard-to-protect-digital-economy-and-deliver-plan-for-change> - The UK government has introduced a world-first cyber security standard to protect AI systems from cyber-attacks, securing the digital economy. This voluntary Code of Practice provides clear actions for organisations to manage cyber risks effectively, enabling businesses to harness new technologies while building resilience. The code will form the basis of a new global standard for secure AI through the European Telecommunications Standards Institute (ETSI), cementing the UK's position as a leader in safe innovation. The government is working with industry and international counterparts to promote international alignment of security requirements for AI systems.
4. <https://www.gov.uk/government/news/new-cyber-laws-to-safeguard-uk-economy-secure-long-term-growth> - The UK government has outlined plans to bolster the nation's online defences through the Cyber Security and Resilience Bill. The bill aims to protect supply chains and critical national services, including IT service providers and suppliers, by strengthening cyber defences. It is part of the government's Plan for Change, which seeks to safeguard public services and ensure long-term economic growth. The bill is expected to be introduced later this year to address the growing range of online threats.
5. <https://www.reuters.com/business/finance/bank-englands-bailey-says-ai-can-help-regulators-find-smoking-gun-2025-09-22/> - Bank of England Governor Andrew Bailey has emphasised the importance of using artificial intelligence (AI) and data science in financial regulation. Speaking at a discussion organised by the London School of Economics, Bailey highlighted that regulators collect vast amounts of data but often fail to utilise it effectively, potentially missing critical warning signs of financial misconduct. He advocated for substantial investment in data technologies to improve oversight and warned against relaxing financial regulations, arguing that such moves could encourage risky behaviour and threaten economic stability.
6. <https://www.reuters.com/business/retail-consumer/britain-face-more-cyberattacks-ai-adoption-grows-minister-says-2025-05-07/> - As AI technology becomes more widespread, the United Kingdom is expected to face an increase in both the frequency and severity of cyberattacks, according to Cabinet Office Minister Pat McFadden. Speaking at the CyberUK 2025 conference, McFadden announced the declassification of an intelligence assessment revealing that AI will escalate cyber threats in the coming years. In 2024, the National Cyber Security Centre (NCSC) received nearly 2,000 cyberattack reports, with 90 considered significant and 12 classified as highly severe—a threefold increase in major incidents from the previous year. Recent ransomware attacks have targeted notable British retailers including Marks & Spencer, the Co-op Group, and Harrods, resulting in significant operational disruptions. McFadden emphasised that cybersecurity is a vital necessity, not a luxury, and urged both public and private sectors to strengthen their defences. The government plans to introduce a new cyber security strategy and legislate new powers under the upcoming Cyber Security and Resilience Bill. NCSC CEO Richard Horne also advocated for ending ransom payments to undermine the attackers' business model.
7. <https://www.gov.uk/government/news/world-leading-ai-cyber-security-standard-to-protect-digital-economy-and-deliver-plan-for-change> - The UK government has introduced a world-first cyber security standard to protect AI systems from cyber-attacks, securing the digital economy. This voluntary Code of Practice provides clear actions for organisations to manage cyber risks effectively, enabling businesses to harness new technologies while building resilience. The code will form the basis of a new global standard for secure AI through the European Telecommunications Standards Institute (ETSI), cementing the UK's position as a leader in safe innovation. The government is working with industry and international counterparts to promote international alignment of security requirements for AI systems.