



Press Release

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KBC further adapts omnichannel network to changing customer behavior

In recent years, KBC has invested a great deal in various channels in order to be as accessible as possible for its customers. More and more KBC customers are opting more often, and sometimes exclusively, for digital channels. In the first quarter of 2019, 57% of KBC-customers were banking via a digital channel only. However, KBC remains convinced that customers will always need personal contact (with experts).

KBC is therefore further aligning its omni-channel distribution network with the changing customer behaviour. Thereby KBC consciously walks the path of gradualness.

By the end of 2019, 65 smaller branches in Flanders will be converted into unmanned branches. In addition, 51 existing unmanned branches will be closed because the number of cash withdrawals dropped substantially and there are sufficient KBC alternatives in the vicinity. After all, it makes no sense to keep a branch open that is hardly used by customers.

At the same time, KBC continues to invest in its full service branches, in KBC Live and in its digital channels.

With these adjustments, KBC wants to use the resources and people where the customers need them the most and thus further improve its services to the customers.

In the coming years, KBC will continue to monitor the changing customer behaviour and gradually adapt its distribution network accordingly.

Customers are increasingly using digital channels

In recent years, KBC has invested a great deal in various channels in order to be as accessible as possible for its customers. KBC consciously opts for an omni-channel strategy, in which the customer decides which channel he/she will use to contact KBC:

- via a brick and mortar branch (manned or unmanned branch)
- through digital channels such as KBC Mobile or KBC Touch (via pc or tablet),
- by means of the website,
- via KBC Live (for remote bank insurance and with extended opening hours) or
- through a KBC Insurance agent

For a number of years now, KBC has noticed that more and more customers are opting more often, and sometimes even exclusively, for the digital channels.

- Last year alone, 130,000 additional customers found their way to one of KBC's digital channels. The number of customers who only come into contact with KBC via digital channels and therefore never visit

a branch has shown a strong increase. **In the first quarter of 2019, 57% of customers were banking via a digital channel only.**

- The use of KBC Touch and KBC Mobile is increasing. **Today, more than 1,350,000 KBC customers bank with a smartphone, tablet or PC, and almost half (47%) of them do so exclusively via their smartphone.**
- More and more customers contact **KBC Live**, via telephone, web chat or video chat. **In 2018, more than 60,000 remote advisory discussions took place, or an average of 5,000 per month.** In 2019, the number of video chats increased to more than 2,000 per month and the number of ordinary chat conversations increased to more than 9,000 per month. KBC Live is responsible for 20% of the sale of non-life insurance and 16% of home loans.
- **Every month, some 2,000 Whatsapp conversations with customers take place.**
- **The number of transactions at cashless machines (requests for account information, transfers, etc.) has decreased by 40% since 2014, while the number of available devices has remained stable. The number of cash withdrawals fell by 16% in the same period, while the number of ATMs remained stable.**
- **The number of spontaneous branch visits continues to decline.** But when customers come to a branch, they have higher expectations about the services they are offered there.

KBC is therefore further aligning its omni-channel distribution network to the changing customer behaviour.

As in previous years, KBC has also made an evaluation of its distribution network this year. KBC investigated how it can further optimise its physical presence or digital efforts. This evaluation and adjustment always aims to further improve the service to the customers: more expertise, greater accessibility, excellent customer service and experience. KBC consciously follows the path of gradual change in line with shifting customer behaviour.

This year's evaluation will lead to a number of changes in the network in Flanders. They will be implemented by the end of 2019.

- **65 smaller branches will be converted into unmanned branches.** This means that the ATMs (for cash collection, retrieval of account information, making transfers) remain available, but that customers are invited to a nearby KBC branch if they want to meet with a KBC employee. KBC ensures that the distances to a nearby branch are limited. Of course, customers can also contact KBC Live (remote bank insurance with extended opening hours).
The employees of the 65 branches will be deployed in other branches or in KBC Live.
- **51 unmanned branches will be closed** because of the relatively limited number of transactions taking place and the sufficient proximity of KBC alternatives.

KBC has openly informed the employees concerned and the social partners of the situation. After the implementation of these changes, **KBC retail customers in Flanders (incl. German-speaking Belgium) will be able to use 350 manned branches (of which 132 full-service branches) and 190 unmanned branches.**

KBC Brussels has 31 manned branches and 3 unmanned branches.

KBC has 86 manned branches in Wallonia.

In addition, there are 373 insurance agencies (307 KBC, 7 KBC Brussels and 59 CBC) plus specialised branches for Private Banking and Corporate Banking customers.

In every province, KBC customers can also contact **KBC Live**. At the end of 2018, a total of 491 FTEs were employed at KBC Live and that number is still growing (end of March : 512 FTE). 80% of the employees have come from the branch network and have the same expertise.

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