



Press release

Brussels, 23 March 2018

KBC's distribution network aligns itself further to shifting customer needs

KBC has deliberately chosen to pursue an omnichannel strategy, where customers decide how they want to contact KBC. However, it has noticed that customers are tending to use digital channels more quickly and more often to contact their bank-insurer. That is reflected in more contact being made using the KBC Live service (bank-insurance by telephone or chat), greater use of KBC Touch and KBC Mobile, and a decline in the number of off-the-street visits to branches. Even so, KBC has decided to continue investing in its branch network and to further optimise its service provision, while placing an even greater focus on expertise, extended accessibility, excellent customer service and experience in its branches.

Therefore, KBC has decided to optimise its bank branches in Flanders in the following ways:

- The number of existing full-service branches that are open for longer will be doubled to 145, with their number spread evenly across all provinces. All customers (private individuals, high-net-worth individuals and businesses) can use these branches to carry out their day-to-day transactions and to receive specialised advice. The branches will be open for business every morning and afternoon during the week and on Saturday mornings.
- Customers can also go to 268 branches to have their routine financial needs attended to and for straightforward advice on savings and investments.
- KBC will convert 66 existing branches into unmanned branches where customers can continue to carry out the bulk of their daily transactions at user-friendly self-service terminals (withdrawing cash, transferring money, etc.). Customers can go to a branch in their area if they require a more extensive service.
- 8 existing branches will be closed, but will be fully merged with another branch in their vicinity.

These changes, which will start to be implemented at the end of March and be completed by the end of 2018, will not have any impact on staff numbers. All employees will either be transferred to neighbouring branches or deployed to KBC Live to provide a comprehensive service to their usual customer base.

KBC has openly informed the employees concerned and the social partners of the situation.

Modified role of the bank branch in an omnichannel strategy

KBC has deliberately chosen to pursue an omnichannel strategy, where customers decide how they want to contact KBC. They can do so:

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

However, it has noticed that customers are tending to use digital channels more quickly and more often to contact their bank-insurer. That is reflected in more contact being made using the KBC Live service (the remote branch), greater use of KBC Touch and KBC Mobile, and a decline in the number of off-the-street visits to branches. Last year alone, 130 000 additional customers started using one of KBC's digital channels. At the start of February, more than 1 100 000 KBC customers were banking on their smartphone or tablet, and over 1 250 000 customers were using KBC Touch.

It is therefore only logical that KBC performs a regular evaluation of its distribution network based on changing customer behaviour. In reality, customers are not going as often to bank branches, but when they do, KBC wants to ensure that they receive the best possible service. Therefore, it has been looking in recent years for solutions that would enable it to cater more flexibly for its customers. The role of the brick-and mortar branch has been reaffirmed, but will be slightly different than before.

Number of (manned) bank branches and contacts via KBC Live reflect shifting customer needs

At the end of February 2018, KBC had 625 manned retail bank branches in Belgium (487 KBC branches in Flanders, 36 KBC Brussels branches and 88 CBC branches in Wallonia) and 400 insurance agencies. KBC's close-knit distribution network also includes private banking branches, corporate banking branches and a network of fully self-service branches (110 in Flanders and three in Brussels at year-end 2017).

It is continuing to invest in its network of 145 full-service hub branches, surrounded by 268 smaller branches offering a more limited range of services and 183 unmanned branches in Flanders and Eastern Belgium.

What's more, KBC has a KBC Live branch in each Flemish province to provide remote bank-insurance services and extended opening hours (from 8 a.m. to 10 p.m. on weekdays and from 9 a.m. to 5 p.m. on Saturdays). The number of advisory discussions at KBC Live is increasing systematically (approx. 4 000 per month), as are the number of video chats (approx. 3 000 per month) and the number of ordinary chat sessions (approx. 7 500 per month).

More than 7 000 non-life insurance policies and almost 3 000 home loans were sold through KBC Live in 2017. A total of 345 FTEs were employed at KBC Live at year-end 2017 (compared with 254 at the end of the second quarter), a large number of whom (80%) have come from the branch network. That number is still increasing and KBC is currently looking to engage mainly insurance experts and client advisers.

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