



Press release

Brussels, 19 June 2020 (12 noon CEST)

KBC shifts digital transformation and customer experience up a gear:

'Differently: the Next Level'

Meet 'Kate, your personal digital assistant'

In recent years, KBC has taken enormous steps in the digital transformation of its business, both in the company itself and in the way it serves its customers and responds flexibly to their rapidly changing needs and expectations. During the lockdown as a result of the coronavirus pandemic, it became abundantly clear that a growing number of customers are increasingly opting for digital solutions and have ever more heightened expectations of these solutions.

Johan Thijs, CEO of KBC Group sums up the message as follows: *'In light of the fast-changing customer expectations, we reassessed our group's 'More of the same, but differently' strategy at the end of 2019 and identified where our focus should lie in the years ahead. With 'Differently: the Next Level', we're continuing down our chosen route, but are now shifting up a gear.*

KBC puts its customers first, and by implementing this new strategy it is taking its bank-insurance services and customer experience to an even higher level. As starting point, we continue to invest in our digital applications and our traditional physical bank branches and insurance agencies. With the support of Artificial Intelligence and data analysis, we can work solution-driven to proactively make life easier for our customers. From now on, customers who wish to do so can count on their personal, fully digital assistant, Kate, who we are introducing to the press for the very first time today. With Kate, KBC is taking a giant step forward in the service it provides to its customers, whereby making life easier for the customer becomes the leitmotiv.

The way in which our customer experiences our services is strongly influenced by the speed and simplicity with which we can serve them. Therefore, now more than ever, our internal processes are being revamped in function of end-to-end processing and short, fast decision-making processes. All these steps will enable our group to develop at an accelerated pace into a data-driven and solution-oriented digital-first bank-insurance company. KBC will remain focused on sustainable and profitable growth, enabling it from a standalone perspective to play its role in society and the local economy to the full to the benefit of all stakeholders, and to maintain its place among the best performing and most trusted financial institutions in Europe.'

1. Customer experience is even more key and operational efficiency is becoming more important

Customer-centric thinking has been part of KBC's strategy for years. At the very least, KBC wants to give its customers the experience they expect, and surpass their expectations wherever possible. Customer

satisfaction is based on all the experiences customers have with KBC: at the start of the customer relationship, during a sale, both in a branch and via a digital application, etc. With respect for its customer, KBC constantly seeks to balance the customer's experience and KBC's concern for sustainable growth and profitability.

Customer expectations have evolved enormously in recent years: fast, hassle-free, proactive and personal products and services have become the norm, in the financial world too. Technology increasingly supports that.

KBC had already digitalised a number of internal/underlying (often complex or manual) processes that its customers don't see but that ensure that simple, high-quality products can be provided to the customers quickly and easily. Going forward, KBC will go a step further. From now on, KBC products, services and core processes will be designed, adjusted or revamped in such a way to simplify them, make them user-friendly and scalable and, in effect, enable them to respond in a fast and appropriate way to customers' needs. For customers who so desire, KBC will also use the available data in an intelligent and appropriate manner. This should enable KBC to offer its customers simple and high-quality products quickly, smoothly and proactively, and in a user-friendly way, thereby maximising the customer experience, which in turn contributes to greater customer satisfaction and loyalty.

2. Offer proactive customer-friendly solutions, powered by Artificial Intelligence and qualitative data

In recent years, KBC has already responded to changing customer behaviour with its omnichannel distribution model. Physical and digital channels go hand in hand when it comes to serving all customers, both the growing group of digitally-minded customers and the less digitally-minded ones. As a result of the recent coronavirus lockdown, society received a far-reaching digital boost much faster than expected. The significant investments in digital transformation made by KBC over the past years clearly paid off and ensured that KBC could continue to serve its customers flawlessly.

KBC is going to make the interaction with the customer even more future-proof and smarter (i.e. reinforced by Artificial Intelligence) and wants to move on from an omnichannel distribution model to a **digital-first** distribution model. In both the omnichannel and digital-first models, the human factor/interaction remains important, and the network of KBC employees and branches are fully available to the customers. In specific segments such as Private Banking or Corporate Banking, this relationship is even personalised via the KBC Relationship Managers. As is always the case, the customer decides which distribution channel, digital or physical, is used to contact the bank or insurer.

In a 'digital-first' distribution model, however, digital interactions with customers will form the initial basis. In view of this, KBC will therefore eventually offer all relevant solutions for its customers' financial needs via mobile applications. In addition to a digital product range, KBC will offer its customers digital advice and develop all processes and products as if they were sold digitally. For customers who so desire, **Kate** – the new, personal digital assistant - will play an important part in providing proactive, timely, personalised and relevant solutions in digital sales and consulting. That's why operational efficiency of underlying processes is so crucial.

Employees in the branch network and in the contact centres continue to function as a beacon of trust towards KBC's customers. While specifically answering the questions and fulfilling the financial needs of customers, they will support, encourage and monitor use of digital processes. They will be supported in this by Artificial Intelligence, data and data analysis.

3. Continued focus on Open banking & Insurance results in Bank-insurance ±

In recent years, more and more customers have become acquainted with KBC's mobile applications. Previously, KBC only offered the bank and insurance products and services in its mobile app to its own customers. Meanwhile, Open Banking & Insurance (OBI) has become a fact. KBC will continue along this route

and, not only in Belgium but also in its other core countries, also offer non-financial solutions that should benefit the financial well-being of retail/private customers or the future of corporate customers.

Besides offering traditional bank-insurance solutions (loans, insurance, investments, payments) to its Retail, SME and Corporate customer segments, KBC will also provide less traditional but often-used solutions. The '+' in 'Bank-insurance +' refers precisely to the broader 'economic services' KBC is offering.

These may include solutions that help customers:

- save money: advising them to switch to a cheaper energy supplier, for instance
- make money, such as the KBC Deals discounts offered in Belgium
- simplify everyday payments, like the ability to pay for parking automatically
- support business activities, such as the BrightAnalytics reporting tool.

KBC will, of course, do this with full respect for the protection of customers' data and privacy.

4. Pearl [±]: think local, create and work increasingly more together

KBC is expanding further on its strong corporate culture of 'Pearl' (Performance, Empowerment, Accountability, Responsiveness, Local Embeddedness) that was introduced in the group eight years ago. **KBC is adding an extra dimension, a '+'**. This means that KBC will increasingly focus on the **joint development** of solutions, initiatives and ideas within the group (in such areas as HR, strategy, finance and retail products/services) so that they are easy to use throughout the group. KBC is taking **group-wide cooperation** between the various countries and domains to an even higher level. This will make it possible to work more efficiently, to respond more quickly to change and to overcome any lack of local skills throughout the group.

5. What will be the first thing customers notice? Personal digital assistant Kate

A far-reaching analysis of customer needs provides insights into the behaviour of retail, SME and corporate customers and enables relevant banking and insurance solutions to be offered and the customer experience to be maximised in a pro-active and personalised way, as well as through a continuous learning process. KBC has translated this customer journey (from analysis to trigger and then solution) into an AI-powered **personal digital assistant called Kate** who gradually becomes more accurate or what you might call smarter over time and is therefore continuously improving the user's overall customer experience.

Kate provides customers with unparalleled ease of use by simplifying a number of daily routines, and integrating seamlessly and smoothly into KBC Mobile, helping its customers save time and money.

KBC can deploy Kate in all its distribution channels, but has decided to focus initially on its mobile app for the retail customer segment (KBC Mobile in Belgium and the DoKapsy app in the Czech Republic), before rolling it out to business customers at a later stage. Kate is a group initiative but the implementation will be adapted to the local situation in each core country.

How Kate works

Customers can ask **Kate** questions regarding their basic financial transactions (money transfer, insurance claim, etc.). But, for example, customers will also receive regularly personalised proposals from KBC in their mobile app to ensure maximum convenience. **They are completely free to choose whether or not to accept a proposal.** If they do, the solution will be offered and processed completely digitally.

In the first phase, which is due to start **in November 2020**, project **Kate** will offer a number of options in Belgium with the KBC Mobile app and in the Czech Republic with the ČSOB DoKapsy app (in Dutch, English and Czech).

Examples for the KBC Mobile app:

- Customers will be able to transfer money using voice recognition (by improving **Kate** with voice, KBC also makes the offer more accessible to less digitally-minded customers).
- Customers will be able to request an AssurCard number (hospitalisation card number if admitted to hospital) and **Kate** will proactively and intelligently automatically turn that question into a request to submit the hospitalisation claim (hospitalisation insurance).
- **Kate** will make proposals on how to save on energy bills and on paying for parking using the 4411 service, etc.

Examples for the ČSOB Dokapsy app:

- **Kate** will be able to compare the prices of energy suppliers.
- **Kate** will be able to take out pet insurance or travel insurance, report lost or stolen credit or debit cards.

KBC has deliberately opted to start with a limited number of possibilities in November. This will give **Kate** the opportunity to learn quickly, KBC will get feedback and then make any necessary adjustments quickly. Customers will notice that **Kate** will be able to answer a wider set of questions every week.

6. How is KBC preparing its employees for this next phase of the digital transformation process?

It remains KBC's firm ambition to make its organisation and employees as future-proof as possible. To that end, it will continue to invest heavily in the training and skills of its employees. KBC is launching KBC Stipple this summer, starting in Belgium. That is a learning and talent platform based on Artificial Intelligence that will enable employees to take stock of their current digital, functional and personal skills ('personal skills profile') and to compare them with future needs ('skills set'). This also allows them, with the help of their line manager and KBC, to take the necessary steps and to follow relevant training in good time to hone their future-proof skills.

For more information, please contact:

Viviane Huybrecht, General Manager of Corporate Communication/KBC Group Spokesperson
Tel.: + 32 2 429 85 45 | E-mail: viviane.huybrecht@kbc.be

KBC Group NV

Havenlaan 2 – 1080 Brussels
Viviane Huybrecht
General Manager of Corporate Communication/
Spokesperson
Tel.: + 32 2 429 85 45

Press Office

Tel.: + 32 2 429 65 01 (Stef Leunens)
Tel.: + 32 2 429 29 15 (Ilse De Muyer)
Tel.: + 32 2 429 32 88 (Pieter Kussé)

E-mail: pressofficekbc@kbc.be

KBC press releases are available at
www.kbc.com

Follow us on www.twitter.com/kbc_group
Stay updated on all our latest innovations