

Press release

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Best Belgian banks are losing ground in the top league of digital banking

Mobile banking applications become a crucial competitive advantage

Brussels, 1 December 2022 - Banks that want to be leaders must offer more than just traditional financial services to their clients. Leading industry players enable various activities that build an ecosystem of solutions offered to users. According to the *Digital Banking Maturity 2022* report by Deloitte, the top digital Belgian banks did not grow as fast as digital champions globally. This year, Belgium's top bank ranks 18th, which is comparatively lower than its 3rd place in the 2020 analysis.

The fifth edition of the *Digital Banking Maturity* report, the world's largest digital banking survey, included 304 banks from 41 countries. The degree of banking sector digitisation was assessed based on three factors: analysis of over 1,200 digital functionalities that cover a whole digital customer journey, consumer preferences assessment regarding 26 most popular banking activities, and identification of best practices concerning user experience (UX).

The analysed banks were divided into four categories. *Digital champions*, i.e. best performing banks determining the direction of banking sector digitisation. Digital champions offer a wide range of functionalities relevant for customers and a compelling user experience. They set key digital trends and have leading market practices, which makes them examples to learn from. This category comprises 30 banks, only one of which is Belgian. *Digital smart followers* come next. The category includes banks that try to replicate digital champions' solutions. The last two categories include *digital adopters*, the ones in the initial stages of business digitisation, and *digital latecomers* that lag behind.

"We notice that both Belgian latecomers and digital smart followers have invested significantly in digital transformation in order to close the gap with our champions. In 2020, there were three Belgian banks in the digital latecomers category. This has gone down to one bank. Although the gap with the top banks remains wide, we do see that digital efforts are starting to pay off," said **Kasper Peters, Financial Services Industry Leader at Deloitte Belgium.**

Banks with well-developed digital channels were more resistant to the pandemic-related turbulence, achieving 1.5 p.p. higher return on equity (ROE) compared to less digitalised banking sector players.

Banks are becoming more than just banks

The report authors indicate that the influence of the pandemic irreversibly changed the banking sector. The option to open a personal account remotely—via Internet banking or using a mobile app—is currently offered by 80% of digital champions and nearly 70% of the other banks. These changes, accompanied by new legislations that came into force, have resulted in banking institutions extending the range of services available to the customers, allowing for e.g. managing multiple accounts through a single app.

"Today, customers expect their banks to enable them to perform various activities, such as purchase insurance, apply for social benefits, or pay for parking tokens. In recent years, we have witnessed a growth in the importance of value-added services, which prove to be effective tools to improve client engagement and loyalty, even if they may have little impact on financial performance. Moreover, they allow collecting more consumer data, thus assisting banks in the personalisation of their offer," added **Barbara Vanhouter, Director Deloitte Digital.**

Personal finance management is gaining importance

The scores obtained by Belgian banks regarding digitisation of retail banking services exceeded the world's average. However, there is still room for our digital champions and followers. For example, Personal finance management is a functionality that is particularly appreciated by customers globally, but Belgian banks are lagging behind.

On a positive note, Belgian banks are increasingly upgrading their platforms with features for automated investment advisory and portfolio management, for example, to meet the growing interest in self-investing.



“Customers are looking for personal finance management tools, which has become especially clear during high inflation periods. Many people try to protect the value of their savings, which also translates into the growing popularity of products such as term deposits or investment fund units, which now can be purchased using a mobile app. It will be very interesting to see how this will evolve when interest rates rise again,” said **Kasper Peters**.

Mobile channels are key for banks to grow

The growing presence of mobile devices in our everyday life is reflected in the digitisation of banking services. In addition to using smartphones for what are now considered normal activities, such as checking account balances and making transfers, customers want mobile investing features.

“In the highly digitalised world, we perform more and more activities using our smartphones. Belgian consumers, who willingly use mobile apps, expect their banks to meet their everyday needs, from account balance checking all the way through to investment product selection. In the nearest future, banks that prove to be most open to solutions related to market place, e-commerce and value added services will be able to join the digital champions group,” said **Barbara Vanhauter**.

Download the report here: www.deloitte.com/be/digital-banking-maturity

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