

Bank clients in CEE still look for in-branch advisory despite rapid digital uptake

- **Largest group of clients prefer a “digital and branch” approach to banking, as personal contact with branch advisors is still highly appreciated**
- **Almost all CEE bank customers visited a bank branch in the past 12 months, more than those visiting a doctor or making an online purchase**
- **People of all ages regularly visit branches, but mobile banking is rising among young customers and so is the share of those who rely solely on digital**

Bank customers in Central and Eastern Europe (CEE) are increasingly using digital services, but they continue to regularly visit branches for face-to-face discussions with bank advisors - a “digital and branch” approach to banking that seems to have become the norm across the region. More than nine out of ten customers walk into a branch in any twelve-month period -- more frequently than they visit a doctor's office, according to the newest banking market research conducted by IMAS International for Erste Group.

Customers of all ages are making regular use of bank branches, although the rising popularity of mobile banking among younger customers is leading to an increasing share of those who rely solely on digital channels. Visits in branches are not made just for withdrawing cash from ATMs; instead, many customers in all CEE markets have personal contact with branch staff during their visits.

“People across Central and Eastern Europe want banking services to be provided through a convincing combination of both physical and digital offerings. Digital banking keeps growing in popularity and is now the channel that many people use for their everyday transactions. One thing that isn't changing: Bank customers value the personalized assistance that they receive from our advisors, including the face-to-face advice and support they can receive in our branches,” said Peter Bosek, the Erste Group Bank AG management board member responsible for retail banking. *“Thanks to our digital banking platform George, our network of 2,500 branches across seven CEE banking markets and our focus on providing customers the best advice possible, we at Erste are ideally positioned to meet our customers' expectations as their banking needs and practices continue to develop.”*

Most customers use both branches and digital channels

People using both branches and digital channels represent the largest single segment of banking customers in five of the seven countries covered by the survey. This behaviour is particularly widespread in Austria and the Czech Republic: six out of ten of the survey respondents in these two markets made use of both branches (excluding the use of ATMs at the branch) and digital services of their main bank during the previous six months. Over half of the respondents in Romania and around four out of ten in Hungary and Slovakia also prefer this approach. Even in the only two markets (Serbia and Croatia) where the “branch only” customers remain the largest segment, “digital and branch” approach is the fastest-growing method of handling banking needs.

The growth of the “digital and branch” approach is being driven by young customers. In all seven surveyed markets, those combining digital and in-branch services represent the largest single segment of the banking customers aged 15 to 29. Almost seven out of ten young banking customers in Austria take this stance. In Hungary, the country with the lowest such share in this age group, they still represent almost half of young respondents. Bank customers who are “digital and branch” also account for the largest share of middle-aged (30-59 years old) respondents in most CEE countries. However, the range is slightly lower, namely from 38% in Hungary to 64% in Austria and the Czech Republic.

Across all markets, the average number of contacts that “digital and branch” customers have with their main bank over a six-month period is higher than in the case of those who take a “digital only” approach and, of course, several magnitudes higher than those who only visit branches.

Customers more likely to visit bank than doctor

Almost all the survey’s respondents, selected from the banked population, said that they had visited a branch over the past twelve months. Even among the overall adult population (including unbanked segments), **large majorities in all seven surveyed countries said they visited a bank branch** during the past year. The branch usage among the general public ranges from 63% in Romania to 95% in Austria.

Across all CEE markets, **people are on average more likely to have visited a bank branch than to have gone to a doctor’s office** during the past twelve months. The general public in CEE is also far more likely to have visited a bank branch in the past year than it is to have taken part in activities such as exercising or attending a cultural or sports event.

Personal contact with branch advisors matters

Branch visits are not just about withdrawing cash from ATMs or using self-service machines. In fact, most survey respondents in all markets say that their branch visits during the previous six months involved personal contact with either a bank advisor or a cashier. This applies particularly to Serbian respondents (88%). The lowest percentage is registered in Czech Republic (56%).

Customers of all ages are visiting branches. Across CEE, no less than six in ten survey participants in the 15-29 age group say that they visited a branch (excluding ATM usage) over the past six months. In Austria, that share among young bank customers rises above 90%. However, young customers are overwhelmingly visiting branches in parallel with actively using digital banking channels. For example, 77% of young banking customers in Austria say that they take a “digital and branch” stance, while only 1% of their Czech peers prefer a “branch only” approach.

Digital banking driven by mobile banking uptake

Regarding the level of digital channel usage, there are significant differences across the CEE markets. In the Czech Republic, almost nine out of ten bank customers used a digital channel (online banking on PC/Mac or mobile banking) in the past six months. In fact, over a quarter of all Czech respondents - and a similar share of Slovaks - did not visit a branch at all over the past half-year, relying solely on digital channels to handle their banking needs. In contrast, only slightly more than four in ten Serbian and Croatian banking customers say that they used a digital channel during the same period and only 4% banking customers in Serbia avoided branch visits altogether.

On average, six out ten CEE banking customers make regular use of digital banking channels, with Serbia and Croatia being exceptions on the low end and the Czech Republic a standout on the high end. While year-on-year growth rates for overall digital channel usage are rather modest, they do show a steady uptrend. That uptick is being driven by strong gains in mobile banking usage, particularly in **South-eastern Europe, where many banking customers rely solely on their mobile phones to handle their digital banking needs.** Almost one in three Serbians who used digital banking channels in the past six months did so only on mobile; the same is true for nearly a quarter of digital banking channel users in Romania. Romania and Serbia are the first CEE markets in which digital banking usage is more likely to take place solely via mobile than exclusively on a PC/Mac. However, even in these countries, the largest single segment is likely to use both their mobile and their PC/Mac for digital banking.

Young bank customers love using their mobiles

In contrast, the “pure mobile” segment accounts for only 5-10% of digital channel users in Slovakia, the Czech Republic and Austria. In these more affluent markets, the largest share of digital channel users use both their mobile phones and their PC/Mac for online banking. On the other hand, “pure mobile” is growing notable traction among young banking customers in Austria, where it already accounts for 13% of the overall digital channel users in the 15-29 age group.

In fact, across all seven markets covered in Erste Group's survey, **bank customers in the youngest age group are far more likely to be handling their banking online** - in particular, using mobile apps - than the overall banked population in their individual countries. In most markets, the share of bank customers aged 15-29 who used digital channels was over 20 percentage points above the respective country's average. A similarly large difference is apparent when looking at young bank customers' uptake of online banking via mobile, suggesting that, while the present is still very much characterized by a mixed use of digital and physical channels, **the future is more likely to belong to "digital only" or even "purely mobile" customers.**

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