Retail Banking in Belgium

Growing Amid Low Churn and High Expectations.

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By Pieter Himpens, Guillaume Oosterlinck, Flavia Gemignani

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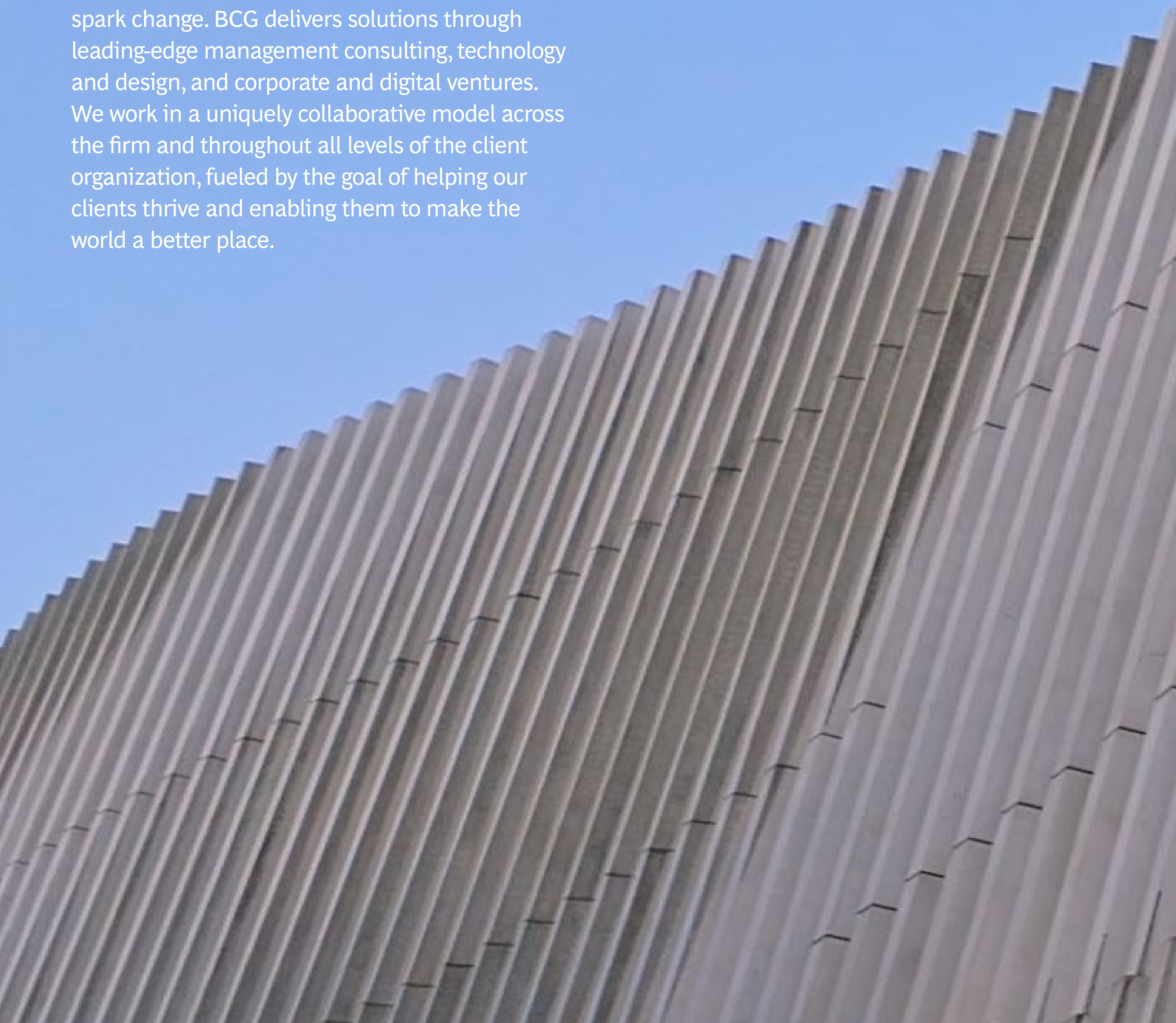
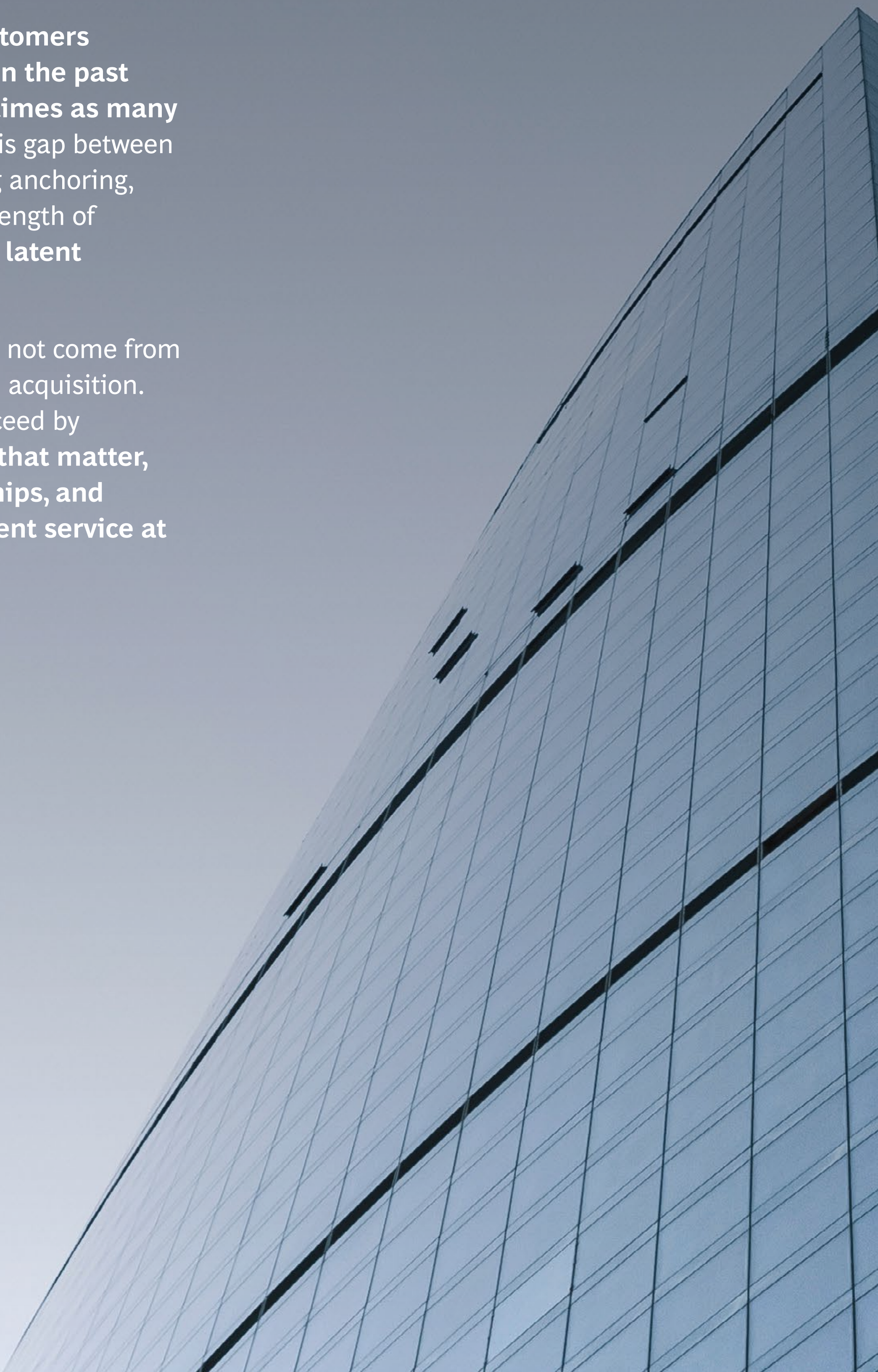


Executive Summary

Belgian retail banking appears comfortable on the surface – but competitive pressure is quietly intensifying. Growth remains positive yet constrained, customer switching is the lowest in Europe, and loyalty is driven more by inertia than advocacy.

Slightly over **2% of Belgian customers switched their primary bank in the past year**, despite more than **three times as many expressing intent to do so**. This gap between intent and action reflects strong anchoring, friction in switching, and the strength of incumbency – but it also masks **latent dissatisfaction.**

In this environment, growth will not come from volume expansion or aggressive acquisition. Instead, winning banks will succeed by **precisely targeting moments that matter, deepening existing relationships, and delivering consistently excellent service at a sustainable cost.**



A Market That Looks Stable – but Is Tighter Than It Appears

Belgium stands out as one of the most stable retail banking markets in Europe – even by Western European standards. Growth remains positive but structurally constrained, with retail banking revenues projected to expand by around 1.6% per year over the next five years, below the pace seen in most peer markets across the region.

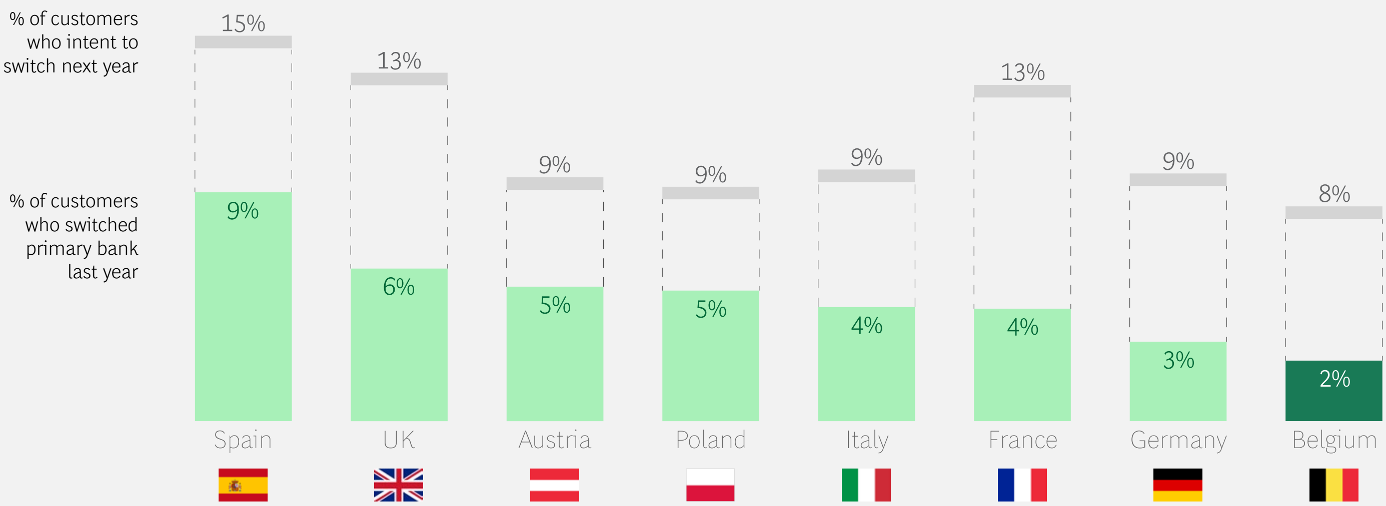
Customer behavior reinforces this stability. Belgian consumers maintain an average of approximately 1.9 banking relationships, (significantly) fewer than in markets such as the UK that averages 4.1, reflecting strong primacy and limited multi-banking. In addition, switching is exceptionally rare: Slightly over 2% of customers change their primary bank in a given year, the lowest level observed globally across the markets that were part of this study.

Yet this stability should not be mistaken for strong emotional loyalty. Despite high retention, customer advocacy remains relatively muted. The average Net Promoter Score in Belgium stands at roughly 13.8, well below the European average of around 17. In effect, customers stay – but they do not strongly recommend their banks, pointing to inertia rather than deep satisfaction as the foundation of market stability.

EXHIBIT 1

Belgium Has the Lowest Churn in Europe. Actual vs. stated switching of primary bank

Comparative view of customers who switched primary banks in the last 12 months (Belgium vs. European peers), with an overlay showing stated likelihood to switch in Belgium.



Key insight: Belgium combines the lowest actual switching with a material gap between intent and behavior, highlighting a market of unfulfilled intent rather than true loyalty.

Source: REBEX Consumer Survey 2025. Question: “Have you switched your primary bank in the last 12 months?” and “How likely are you to switch your primary bank in the next 12 months?

Low Churn Does Not Mean No Opportunity

Despite strong primacy, meaningful growth opportunities remain in Belgian retail banking – but only for banks that act with precision. In a market where customers rarely move Primary bank, success depends less on sustained acquisition pressure and more on understanding when customers are genuinely open to change.

Switching in Belgium is rare – but when it does occur, it is far from random. Changes in primary banking relationships are highly concentrated around specific moments in customers' lives. Roughly three-quarters of switches are triggered by life events, such as starting a new job, buying a home, or experiencing major family changes. These moments create short windows of opportunity in an otherwise stable market. The remaining ~25% of switching reflects accumulated dissatisfaction, typically built up over time through service failures or perceived poor value. As a result, acquisition effectiveness in Belgium is driven less by broad-based marketing reach and more by the ability to anticipate, identify, and win moments of demand when customers are genuinely receptive.

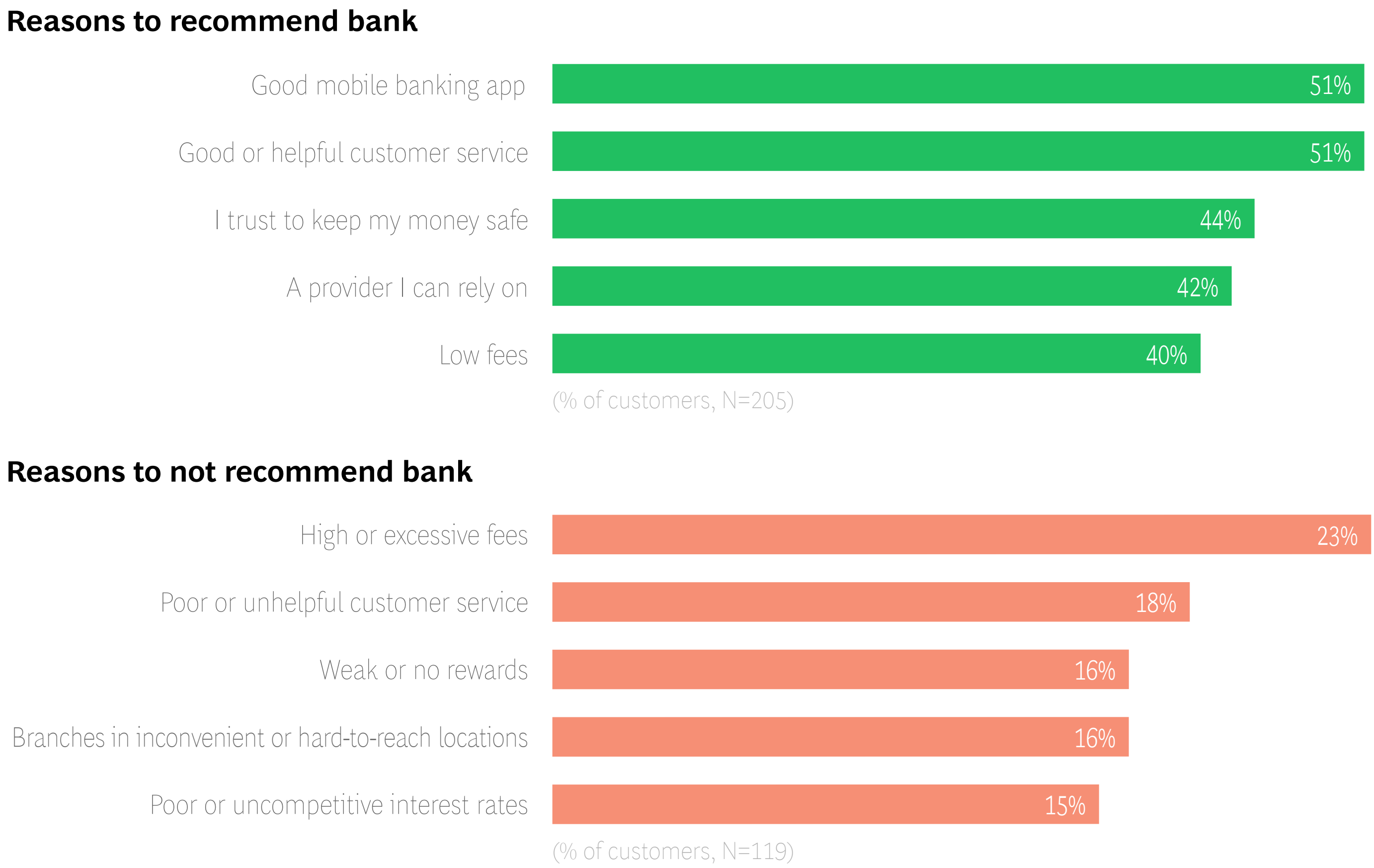
This pattern reflects the maturity of the Belgian banking market. Digital capabilities – particularly mobile banking – are now firmly established as table stakes. They are expected, not differentiated. What truly separates leading banks from laggards is service execution and cost discipline: how reliably issues are resolved, how transparent pricing feels, and how consistently customers are treated across interactions.

The data makes this clear. More than half of Belgian customers (51%) cite good or helpful customer service as a reason to recommend their bank, a level of importance that matches that of having a strong mobile app. At the other end of the spectrum, fees emerge as the single biggest driver of non-recommendation, with nearly one quarter of customers pointing to high or excessive fees as their primary reason for detracting. Service failures amplify this effect: poor customer service account for almost one fifth of all detractor reasons, while fewer than 3% of customers cite poor mobile or website experiences as a reason not to recommend their bank.

EXHIBIT 2

Service and Fees Shape Advocacy in Belgium

Top reasons to recommend vs. not recommend primary bank



Description: Ranked comparison of drivers of recommendation and detractors among Belgian customers.

Key insight: In Belgium, service quality and pricing discipline matter more than incremental digital features. Value is destroyed faster by service failures and high fees than by imperfect apps.

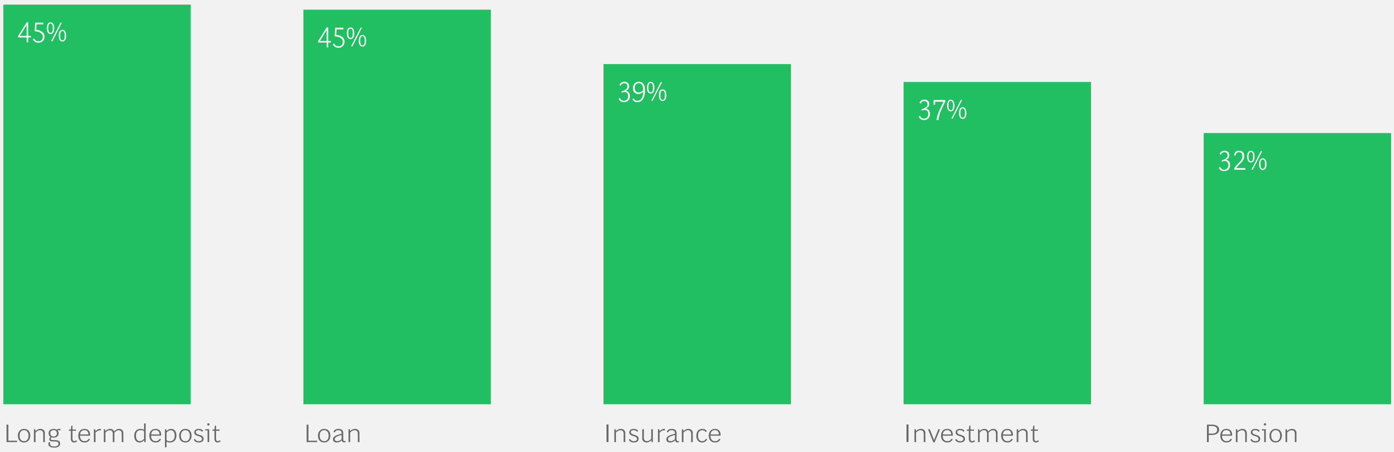
At the same time, growth does not rely solely on acquiring new primary relationships, but in deepening existing ones. Even among highly anchored customers, around 30% of financial products are held outside the primary banking relationship. This represents a sizeable and comparatively low-risk growth pool. Increasing product penetration – particularly in investments (close to 40% held with secondary banks), long-term deposits and loans (both with around 45%) and insurance products (approaching 40%) – offers a more predictable path to targeted revenue expansion, leveraging trust that already exists rather than trying to create it from scratch.

In a low-churn market like Belgium, these dynamics matter disproportionately. When customers do move – or deepen their relationship – it is driven by moments of relevance and quality of execution, not by marginal differences in features.

Source: REBEX Consumer Survey 2025. Questions: “What are the reasons you are likely to recommend your primary bank?” and “What are the main reasons you would not recommend your primary bank?”

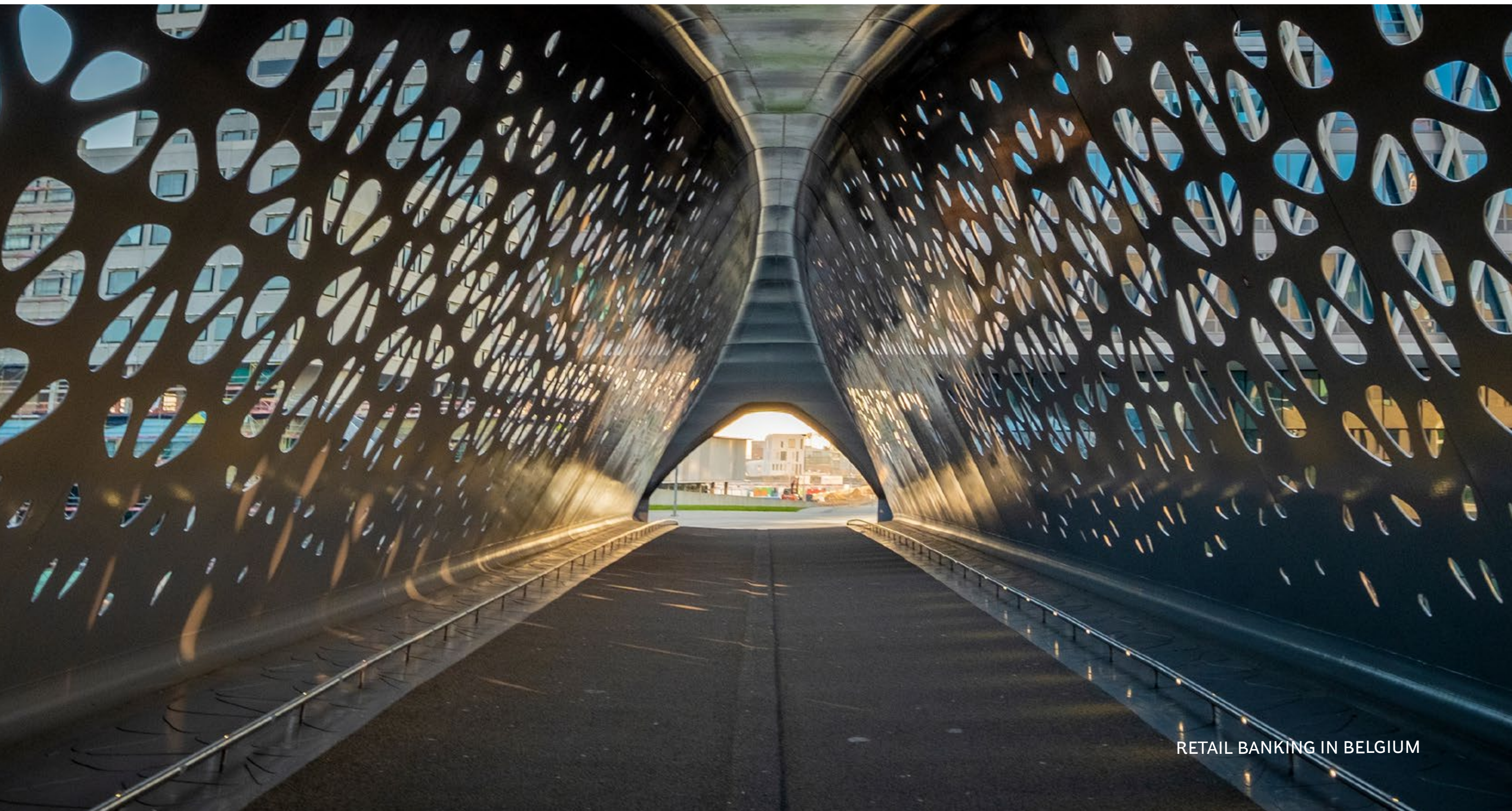
Zoom | Opportunity to win product categories held outside of primary bank. Where customers hold products outside their primary bank, the opportunity is tangible and selective.

A significant share of Belgian customers hold products outside their primary banking relationship:



Description: Top products held with non-primary bank

Key insight: Banks do not need to win primacy to win growth. By deliberately doubling down on product categories with high nonprimary penetration, banks can both **deepen share of wallet among existing primary customers** (protecting and expanding core relationships) and **capture secondary product relationships from competitors,** generating incremental revenue and relevance without triggering full switching



Winning the Next Generation Starts Early – and Shapes Long-term Growths

Younger customers represent a structurally different growth opportunity for Belgian banks. Gen Z and younger millennials are more open to switching - both in stated intent and observed behavior - more digitally demanding, and less tolerant of undifferentiated propositions than older cohorts. While this pattern mirrors broader European trends, its implications are particularly acute in Belgium, where overall switching levels remain exceptionally low. As a result, younger segments carry disproportionate weight in shaping future growth and competitive renewal.

Crucially, engagement with the next generation begins earlier in Belgium than in most markets. Nearly 60% of parents of children under 18 report that at least one of their children already holds a financial product, indicating widespread and early financial adoption. Among those with bank accounts, 85% opened them at age 15 or younger, and 63% started with a youth account. These relationships are typically initiated by parents, making youth banking a rare dual-generation touchpoint—allowing banks to reinforce trust with parents while shaping financial habits, expectations, and future primacy with children well before adulthood.

EXHIBIT 3

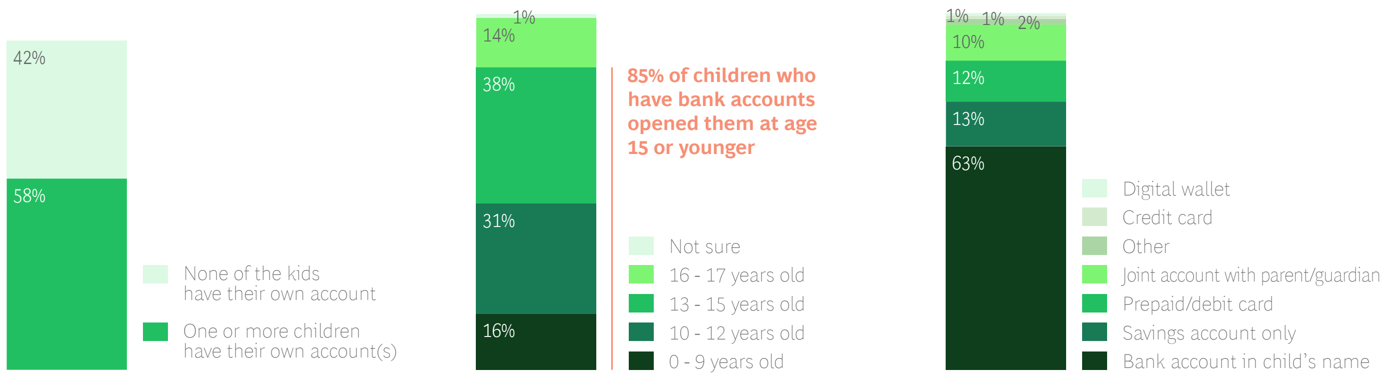
Primary Banking Relationships Are Built Before Adulthood

Youth banking penetration and age of first account

~60% of parents of minors have a child with a financial product

~85% of children who have bank accounts opened at <15 years old

>75% traditional saving or bank account



Key insight: Banks that win youth relationships structurally shape future primacy; those that do not, risk aging customer bases.

Source: REBEX Consumer Survey 2025. Questions: "Do you have a bank account?" and "At what age did you open your first bank account?"

This early engagement is strategically significant because primary banking relationships in Belgium, once established, tend to be highly persistent. Banks that succeed in embedding themselves early into customers' financial lives gain a structural advantage that is difficult to dislodge later. Conversely, banks that fail to establish relevance with younger cohorts risk aging customer bases and declining long-term competitiveness, even if near-term churn remains low.

The dynamic shifts meaningfully as these customers transition into adulthood. Between 18 and 35, financial autonomy increases, product needs become more complex, and competitive intensity rises. Switching rates in this cohort are nearly twice those of older generations (though still low by international standards), reflecting a period of reassessment of primary relationships. At the same time, financial preferences evolve. For example, around 13% of Belgian customers currently hold digital assets – alternative financial products such as cryptocurrencies and stablecoins – with penetration exceeding 20% among those under 35. Notably, adoption is driven predominantly by long-term investment considerations rather than short-term speculation. Trust remains central: despite the presence of specialized platforms, approximately 70% of digital-asset holders indicate openness to accessing these products through their primary bank.

Taken together, these dynamics underline a clear message. Winning the next generation in Belgium is not about incremental digital features or tactical youth propositions. It requires a coherent, life-stage-based value proposition that begins early, evolves through financial independence, and extends credibly into adjacent needs - including emerging asset classes - anchored in trust, simplicity, and relevance; those that delay may find that today's stability comes at the expense of tomorrow's growth.

What This Means for Banks: Five Strategic Imperatives

Collectively, these dynamics point to a clear conclusion. Belgium's retail banking market is not short of opportunity – but it is unforgiving of imprecision. Low churn, early-life primacy, and rising expectations mean that traditional growth playbooks based on scale acquisition, feature competition, or incremental pricing power are increasingly ineffective. Instead, success hinges on making deliberate choices about where to compete, when to engage, and how to deliver value. For Belgian banks, this translates into a focused set of strategic imperatives that reflect the realities of a stable yet demanding market.

1. **Win the moments that matter**
   In a low-churn market, growth depends on precision rather than persistence. Banks must systematically identify, anticipate, and activate around life events – across housing, work, family, and wealth transitions – when customers are genuinely open to change. Success requires not just relevance, but visibility in the channels that influence choice at those moments, rather than broad, always-on acquisition (and retention) spending.

2. **Differentiate through servicing, not features**
   In Belgium, digital capabilities are no longer a source of advantage – they are a baseline expectation. Competitive differentiation comes from service execution: reliability, transparency, and fast, decisive resolution across everyday interactions. Banks that excel operationally build trust and advocacy; those that fail destroy value quickly, even in an otherwise stable customer base.

3. **Reset the cost-value equation**
   With fees emerging as the leading driver of non-recommendation, banks face limited tolerance for price increases – especially when service quality disappoints. Improving customer experience must therefore be funded through structural efficiency, not higher prices. Simplification, automation, and the effective deployment of GenAI / agentic AI are essential to simultaneously raise service levels, customer centricity and lower cost-to-serve.

4. **Grow by deepening relationships**
   In a market with strong primacy but incomplete share of wallet, the most reliable growth lever is relationship deepening rather than aggressive acquisition. Increasing product penetration – particularly in savings, investments, and adjacent financial needs – allows banks to grow by leveraging trust that already exists, rather than attempting to manufacture new primary relationships.

5. **Build the bank of the next generation**
   Long-term advantage in Belgium is shaped well before adulthood. Youth, Gen Z, and Gen Alpha banking must be treated as a core growth engine, not a peripheral offering. Winning banks will engage early, combine financial education with saving and investing journeys, and design experiences that resonate with both parents as gatekeepers and children as future primary customers

Source throughout unless otherwise stated: REBEX Consumer Survey 2025. Belgium sample.

About the Authors

PIETER HIMPENS

Managing Director and Partner | Brussels

GUILLAUME OOSTERLINCK

Partner | Brussels

FLAVIA GEMIGNANI

Associate Director,

Center for Customer Insights | Amsterdam