



KBCI CEO Opening Statement
Oireachtas Committee on Finance, Public
Expenditure and Reform, and Taoiseach

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Wednesday October 19th, 2022**

Introduction:

Chairperson, Committee Members, I am grateful for the opportunity to address this Committee. I am accompanied today by my colleagues Dermot Kieran, Chief Financial and Products Officer and Darragh Lennon, Director of Retail Distribution. We are looking forward to a constructive discussion regarding the closure and switching of current accounts and related issues as KBC exits the Irish market.

A number of key milestones in relation to the planned orderly exit of the bank have taken place since we last met with the Committee.

The agreement relating to the sale of performing loan assets and deposits book to Bank of Ireland Group received approval from the Consumer and Competition Protection Commission on May 24th, 2022, after which we ceased accepting new applications across all products.

We have also been informed that the Minister for Finance has instructed that the Ministerial order confirming his approval of the Transfer to Bank of Ireland be drafted. Subject to the completion of the remaining procedural steps, the Transfer is anticipated to take place in early 2023.

We have started communicating with our customers on the next steps associated with the transfer of products to Bank of Ireland. As part of this communication, we have provided customers with a comprehensive product guide outlining clearly what is happening across all products and the actions required of customers in each case.

When we last attended this Committee in May of this year, Mr. Chairman I expressed our determination to protect the interests of our customers and staff to the greatest extent possible as we conduct an orderly exit from the Irish market. It has been, and will remain a key priority for KBC Bank Ireland to support our customers at every turn and to communicate effectively with them, ensuring they have all the information they require, understand the actions they need to take and have sufficient time to take those actions.

KBC current accounts are not, as you know, part of the transaction with Bank of Ireland which means that customers are required to move and close their current accounts. Managing this process has been an important priority for the team and we have dedicated significant resources to ensure the process is as smooth as possible for our customers. I am happy to report that, in partnership with our

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customers and supported by our dedicated staff, we are making good progress and account closures are tracking materially ahead of plan. I would like to now provide you with an update on that progress.

As outlined previously when we attended here in May, we estimated, based on our data and analysis, that 52,000 of the 130,000 total number of KBC current account holders may need to open a new account or move to a new provider. Today, our estimates show that the 52,000 figure is down 25% to 39,000. I can also confirm that 55% of all current account customers have now received account closure notices, and these notices will continue to be issued into Q1 2023. Priority customers, including those in a vulnerable position, non-digitally enabled customers and people over 65 were prioritised from the outset to give them sufficient time to transfer their accounts. 95% of that group have received their notifications and of this prioritised group of 4,400 customers only 700 remain with an active account today.

There has been a 110% increase in current accounts with a zero balance, with an overall reduction of 26% in current account balances since May. The number of direct debits is reducing at a rate of 3,000 per week. Another key indicator of activity is the level of social welfare payments being made into current accounts, that has decreased by 32% from May to September, with just 8,500 accounts remaining in receipt of social welfare payments.

We can confirm that 10% of current accounts have been closed by customers since May, which is above our projections. The first wave of account closures, which consists of inactive current accounts, will commence in December 2022. The closure process will proceed from that point in four-week cycles, continuing until August 2023.

As previously communicated, 90% of all customer service queries are handled through the contact centre and 97% of active KBC current account customers are digitally enabled. KBC has increased staff dedicated to serving customers by 60% both in the contact center and 25% in our operations centre since the announcement of the agreement with Bank of Ireland ensuring that strong service levels are maintained and the average call waiting time for talking to a colleague in the contact center remains less than 30 seconds.

We know that a 'digital first' approach to banking is preferred by our customers and this is supported by our recent research which found that 81% of KBC customers surveyed prefer to close their account

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digitally. In November, KBC will be able to support customers to close their current accounts via the KBC App.

Our Hubs, which aren't traditional bank branches as they were primarily designed for sales and not for operations, are used by a small number of our customers for support and they will remain open to support with switching or closing until after customers have transferred to Bank of Ireland. Based on our customer data, we expect that those current account holders who are more likely to want to visit a Hub, will have already closed or switched their current account before the closure of any Hubs.

We have a dedicated Care Team for customers who may need some extra help and support during this time. Our Care Team have lots of experience supporting customers with different needs and continue to support vulnerable customers through the current account closure process.

I would like to take this opportunity to thank KBC Bank Ireland staff who continue to go the extra mile in servicing the needs of our customers in what is a challenging period for them also. A successful engagement process with the Employee Council, who represent staff interests, culminated in that body securing a redundancy package that compares very favourably in the sector and we continue the principle of consulting and communicating on an ongoing basis with staff directly.

On the subject of TUPE and the transfer of staff to Bank of Ireland, I can confirm that TUPE consultation with Bank of Ireland concluded in July and that all eligible staff have been communicated with directly regarding the transfer of their role and how their employment terms and conditions have been protected. It is still too early to state the number of employees who will transfer to Bank of Ireland as they are entitled to waive their TUPE rights up to the point of migration in 2023.

In conclusion, I believe we are making good progress on the subject of current account closures and account switching where we continue to place the interests of customers at the centre of the process, providing every support we can in doing so. As stated, we are also heavily focused on the wellbeing of our staff and will continue to engage with them to ensure that their best interests are protected as we continue the orderly wind-down of the bank.

I am happy to take any questions you might have.

Thank you.