

The end of lazy profit – what is the future of retail banking

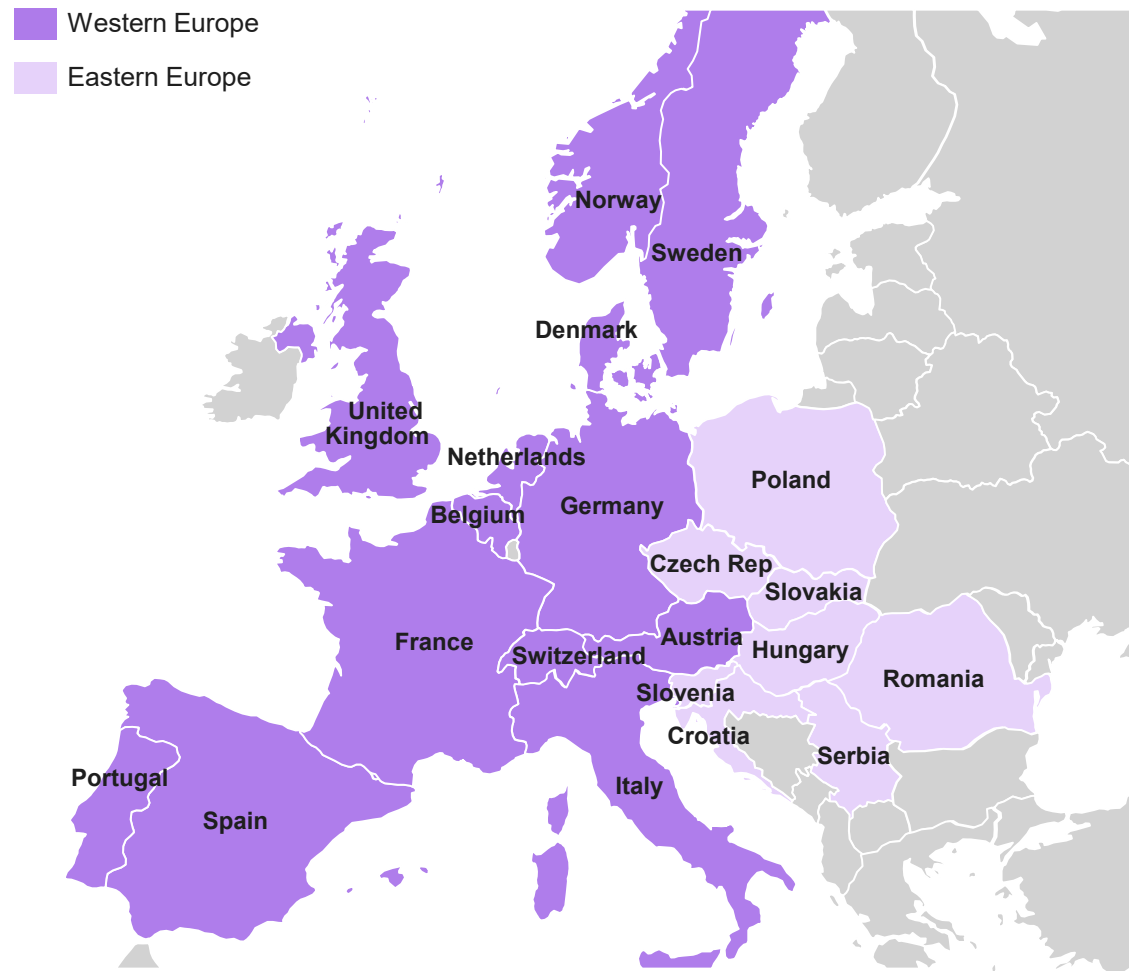
Technobank 2026

Branko Žibret
Partner & Executive Director at Kearney

KEARNEY



The 2026 Retail Banking Radar tracks 89 retail banks in 21 European markets



89
retail banks
across
21
European markets¹



60-90%
local retail
banking
coverage



600 m
retail banking
clients²



80 k
branches



12+
dimensions
analyzed around
income strength,
operational
efficiency and risk
management

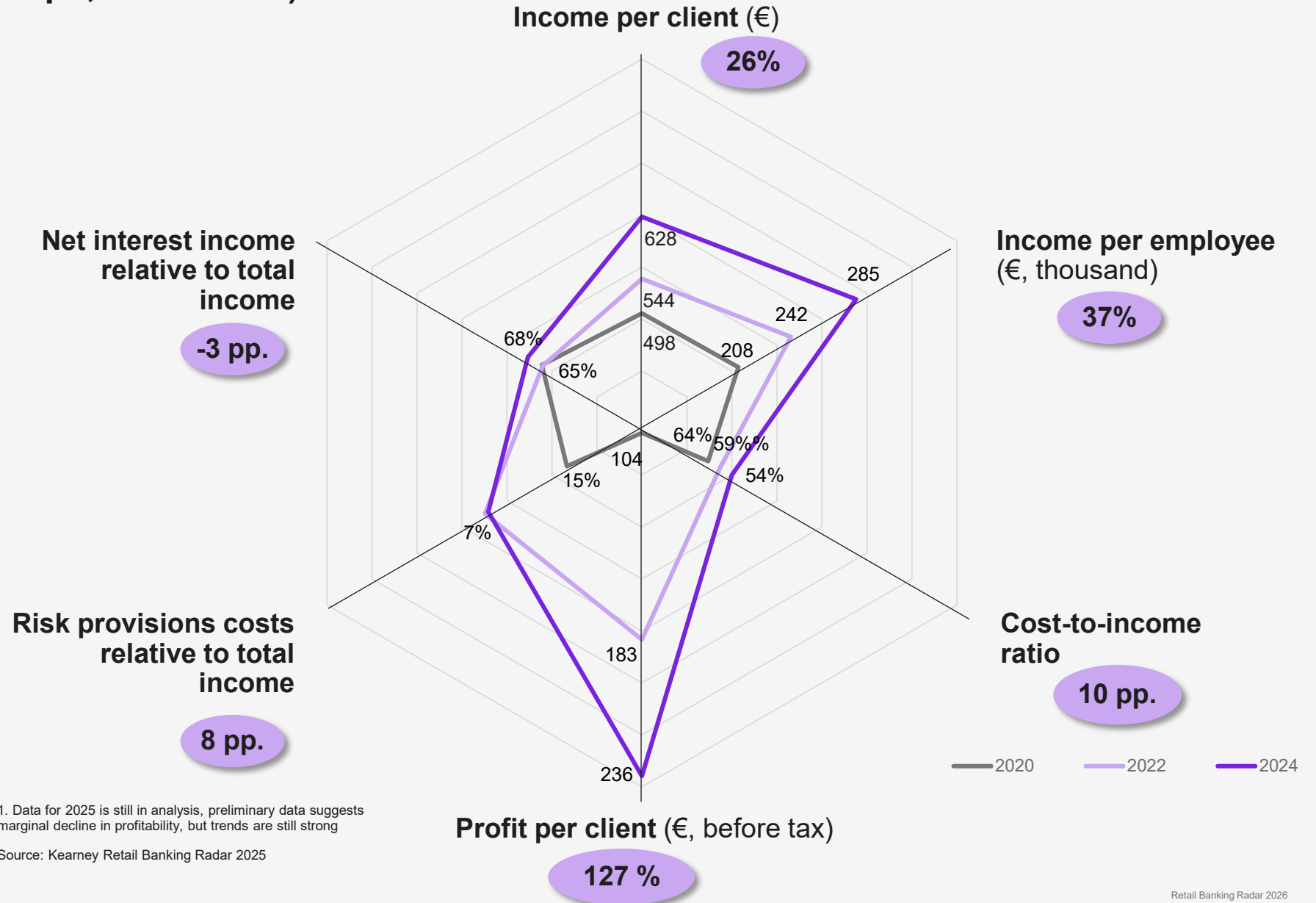


18
years of annual
records database
built from official
bank reports from
2008 to 2026³

1: 51 banks in 13 Western European markets and 38 banks in 8 Eastern European markets
2: Retail banking segment includes individuals with assets under management up to €1 million and small businesses with annual turnover of up to €5 million (definition varies by bank)
3: 2025 data is mostly based on actual annual figures, partially on forecasts based on Q4 2025 results
Source: Kearney 2026 Retail Banking Radar

EU banks are in a strong position, with profitability, margins, and revenues up sharply while credit costs remain contained

Retail Banking Radar Indicators Overall Europe (Europe; 2020-2024¹)



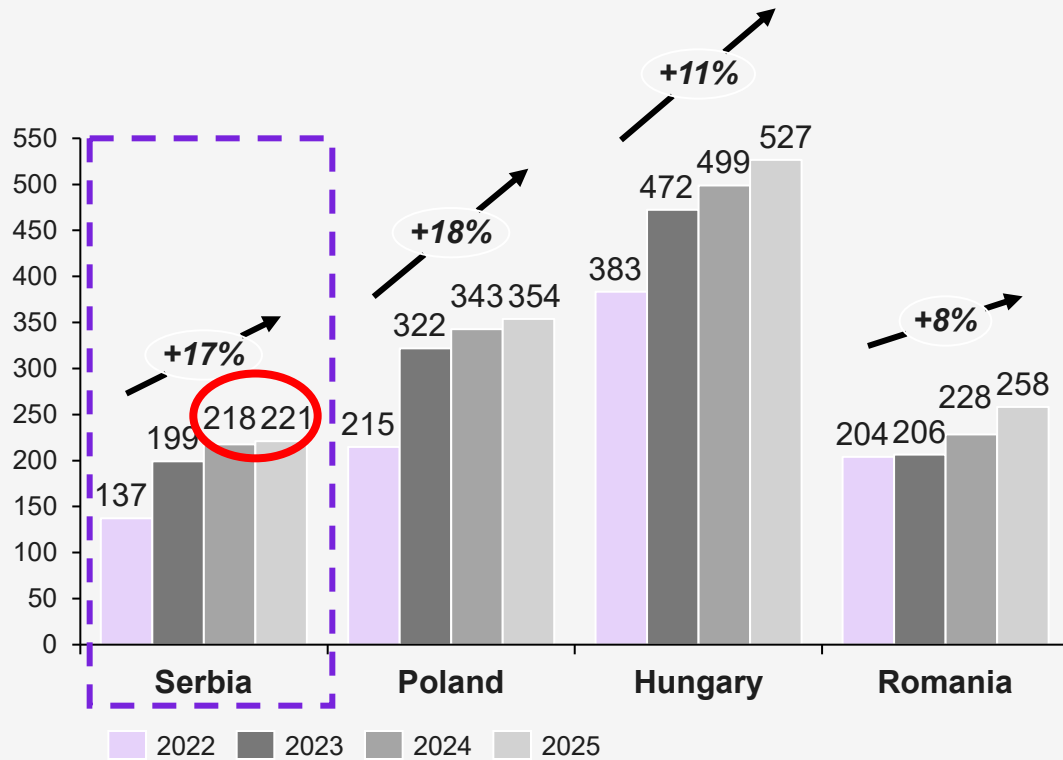
1. Data for 2025 is still in analysis, preliminary data suggests marginal decline in profitability, but trends are still strong

Source: Kearney Retail Banking Radar 2025

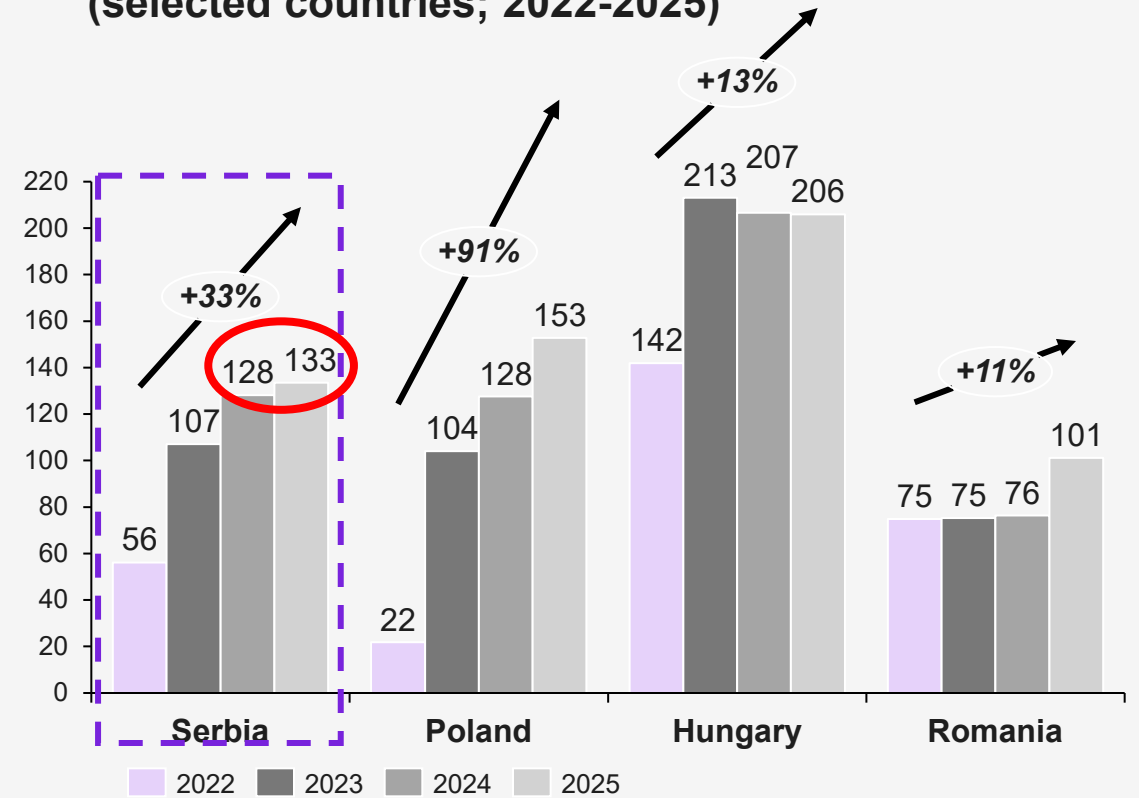
XX 2024 vs 2020

Third straight year of banking growth, driven by stronger margins, higher productivity, and low risk costs that continue to lift income and profit per client across the region – is the growth becoming flatter?

Income per client
(selected countries; 2022-2025)

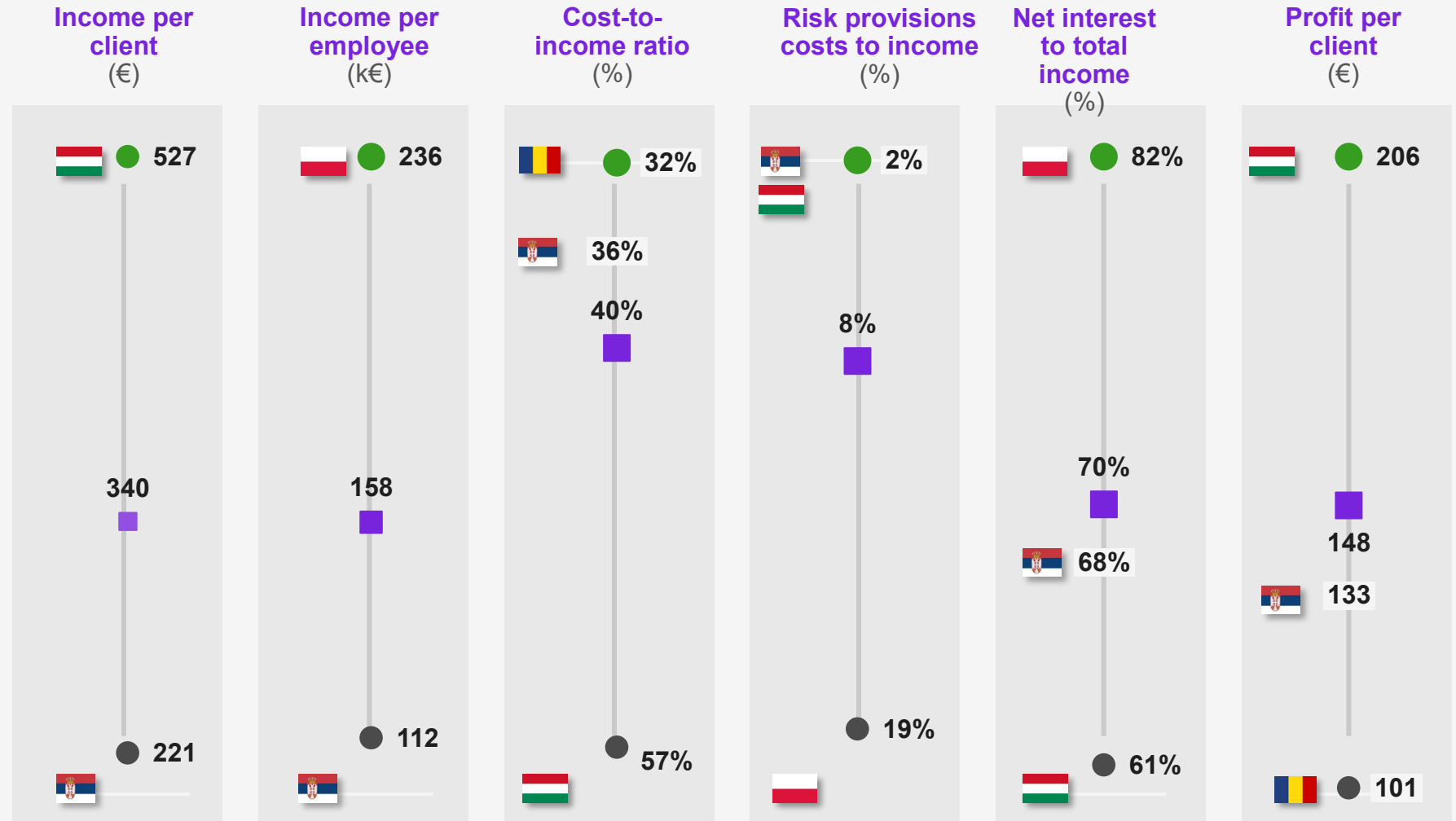


Profit before tax / Customer (in €)
(selected countries; 2022-2025)



Compared with Romania, Poland, and Hungary, Serbia banks earn less, but low risk helps keep profits strong.

Retail Banking Radar: Selected Country View (2025^{1,2})



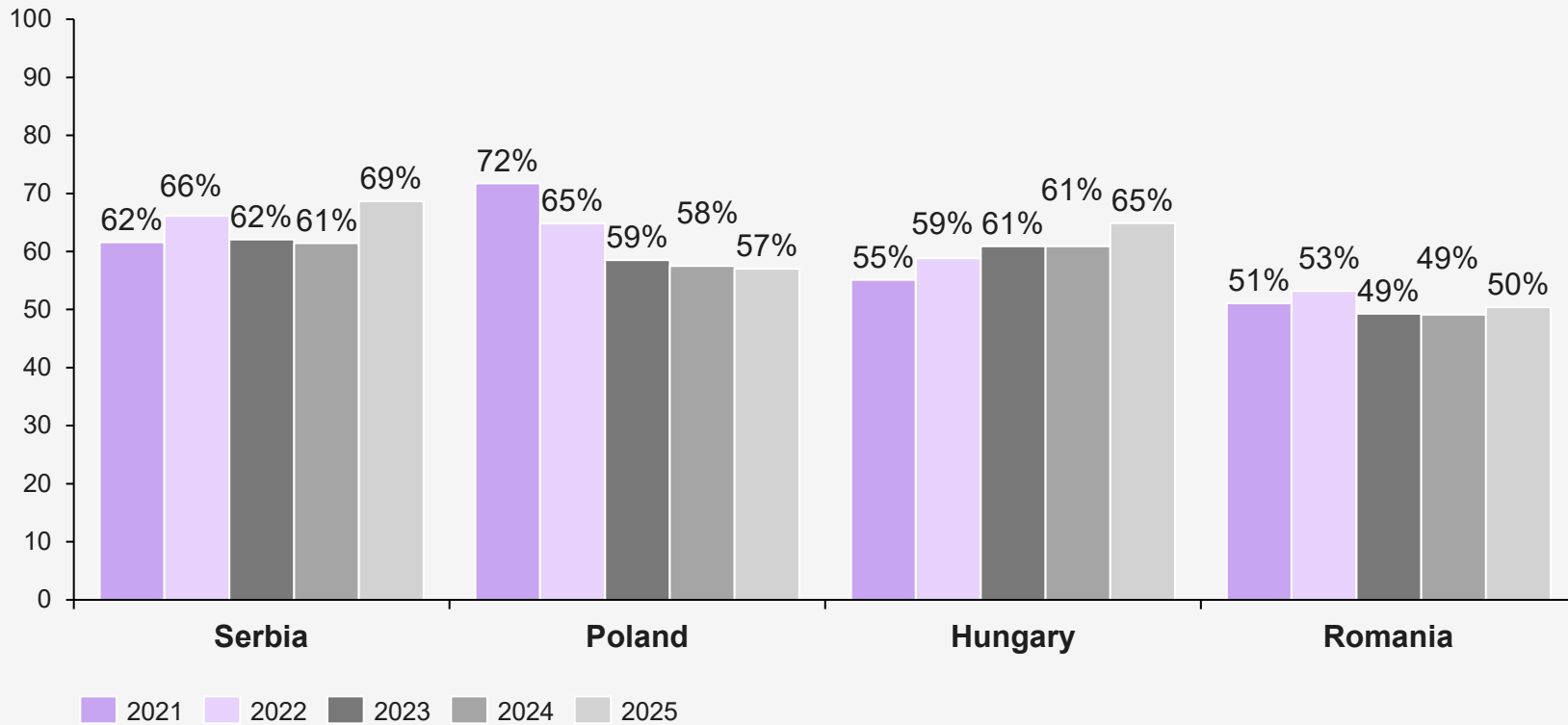
XX 2025 vs 2018

■ Sample average ● Best performer ● Worst performer

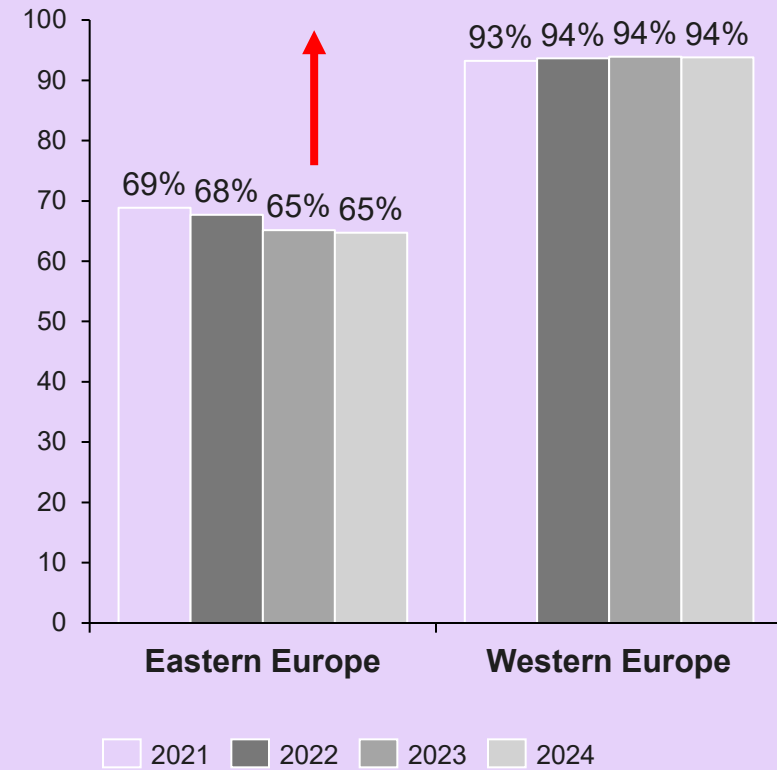
1. 2025 data is based on actual annual figures,
 2. When analyzing changes of indicators denominated in Euros, we applied 2023 constant exchange rates to present growth in real terms
 3Source: Kearney 2026 Retail Banking Radar

Across the region, loan-to-deposit ratios remain well below Western Europe, showing excess deposit liquidity overall

Loans/deposits
(selected countries; 2021-2025)



Loans/deposits
(summary; 2021-2024)



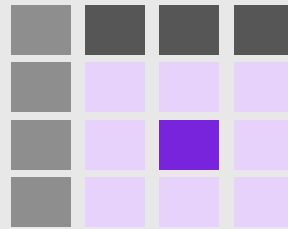
1. When analysing changes of indicators denominated in Euros, we applied 2018 constant exchange rates to present growth in real terms
Source: Kearney 2024 Retail Banking Radar

In 2023, for the first time, >50% of clients reported interacting with their bank in an E2E digital manner



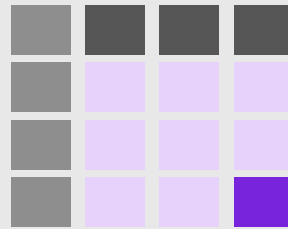
Research / purchase online / offline (2020 and 2023)

		Purchase		
		CALL CENTER	DIGITAL	PHYSICAL
Research	CALL CENTER	○ 1%	○ 1%	○ 1%
	DIGITAL	○ 2%	● 52%	○ 10%
	PHYSICAL	○ 1%	○ 5%	○ 27%



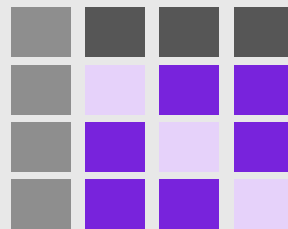
52%

of all respondents are digital-only in their behavior end-to-end (from research to purchase)



27%

of all respondents are physical-only. Every 12th person who uses branches for either research or purchase is not ready to switch to digital channels for any reason



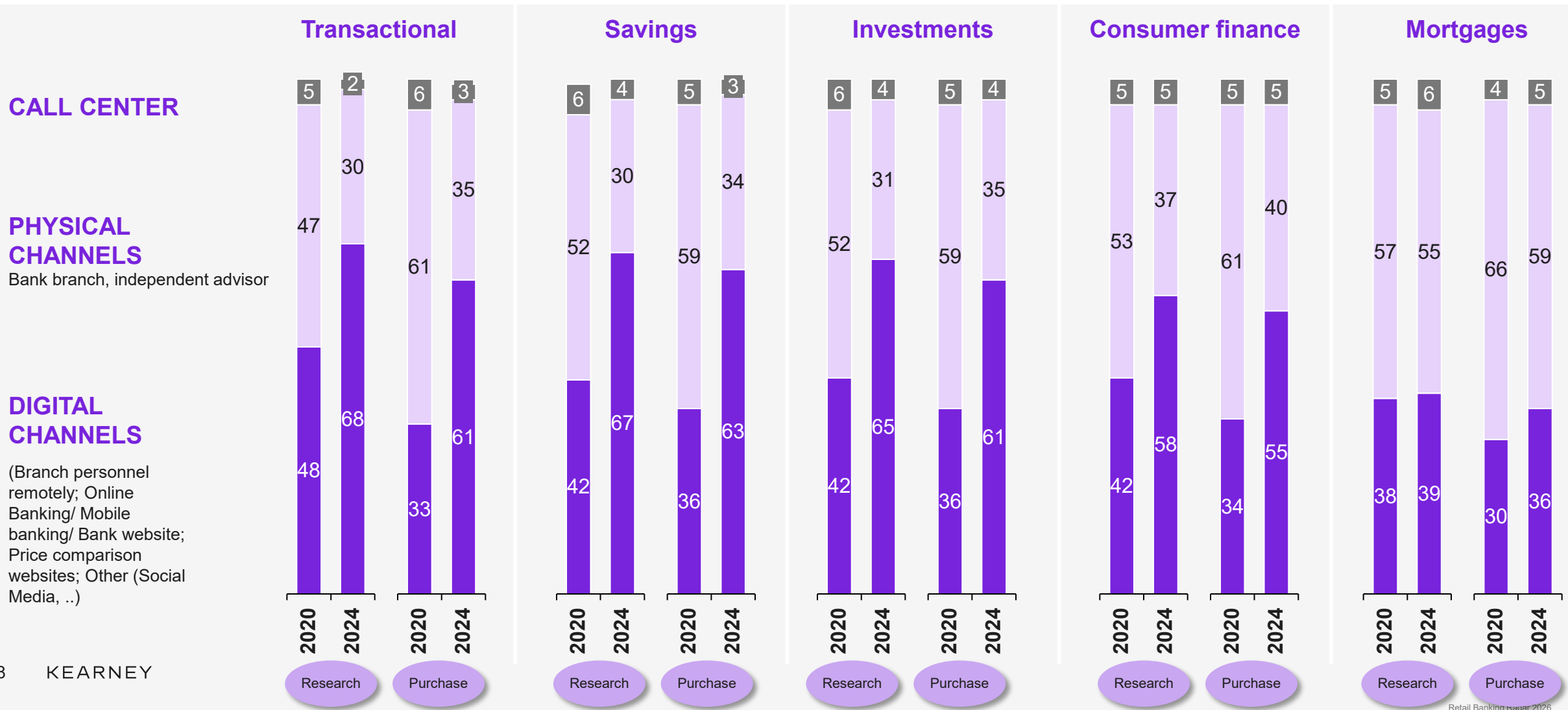
19%

of all respondents are omni-channel in their bank interactions

Digital channels have become indispensable for both banking product research and purchase

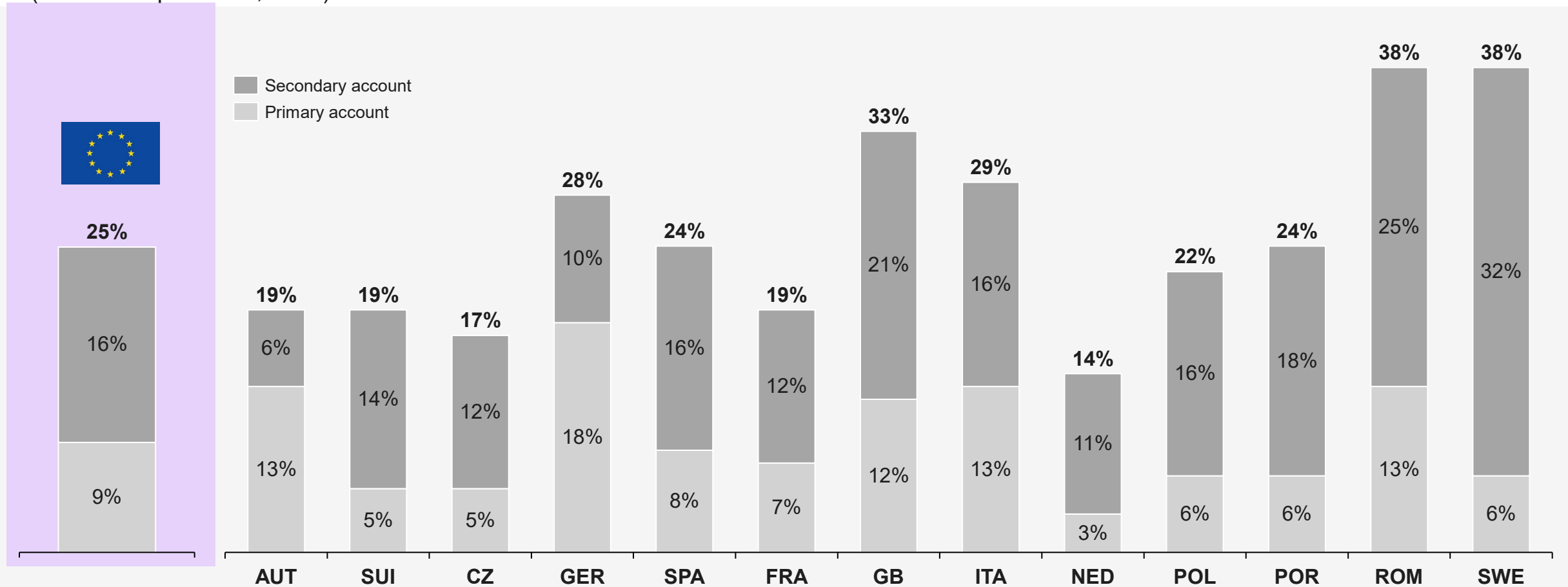


Pre-purchase research and actual purchase by product in Europe (2020 and 2024)



One in four Europeans has an account at a digital bank or fintech, and one in ten consider it to be their primary institution

Respondents with a primary¹ or secondary account at a digital bank or fintech
(% of all respondents, 2024)

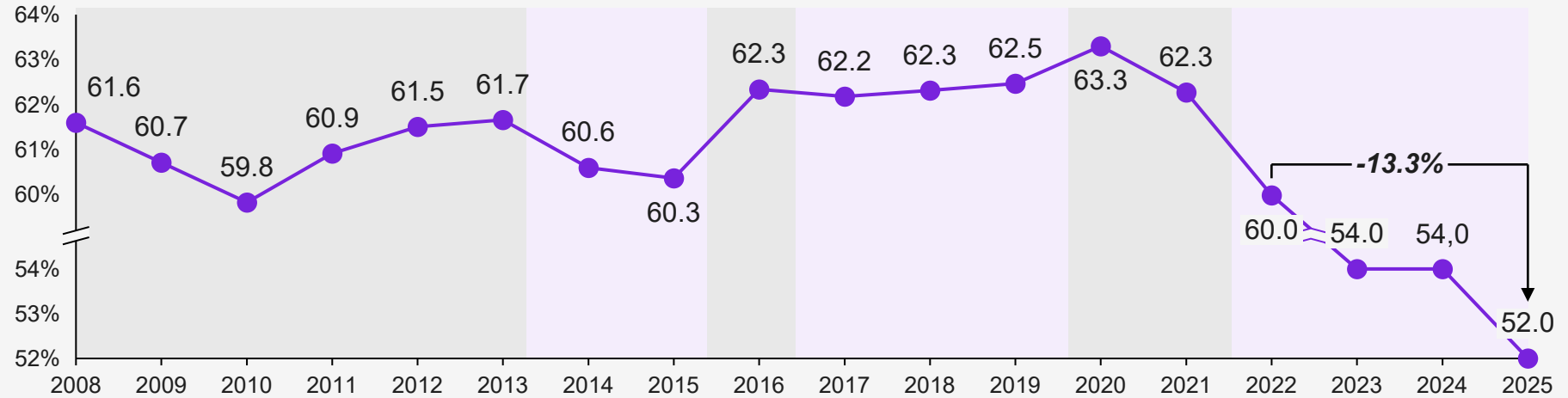


1. The account where one receives and makes most payment
Source: Kearney 2024 Retail Banking Radar survey

– As a country enters a broader regulatory framework such as the EU, competition rises sharply as fintechs and other new entrants gain easier access to the market.

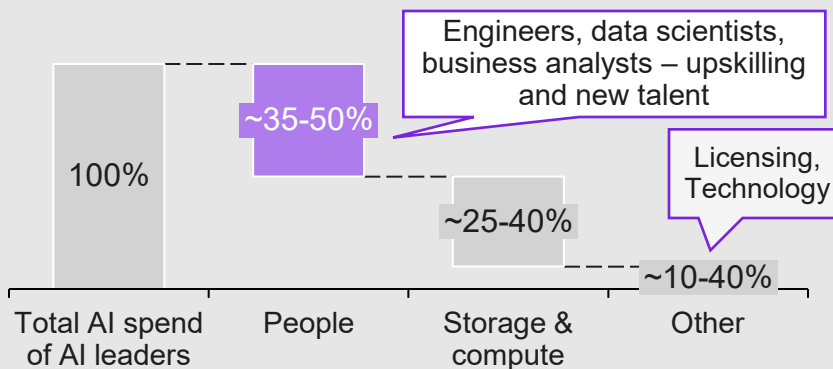
Europe hit the lowest cost-to-income ratio in the last 16 years – just the right time to invest for the future – AI.

European CIR evolution (Weighted average)



AI investment is still going strong

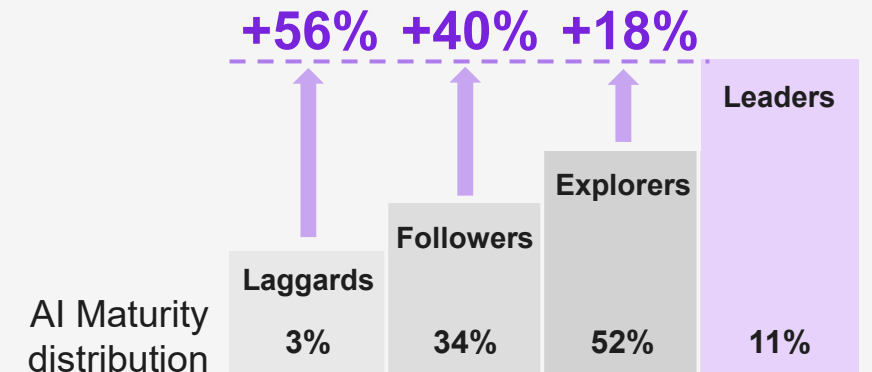
6x Growth - Expected increase in AI spend in the next 3-5 years



Rethink your AI readiness path

Delaying action on AI readiness program will have long-term negative impact

Potential % profit gap



The rewards can be substantial, as shown by genAI-enabled customer centers that have significantly increased sales performance.

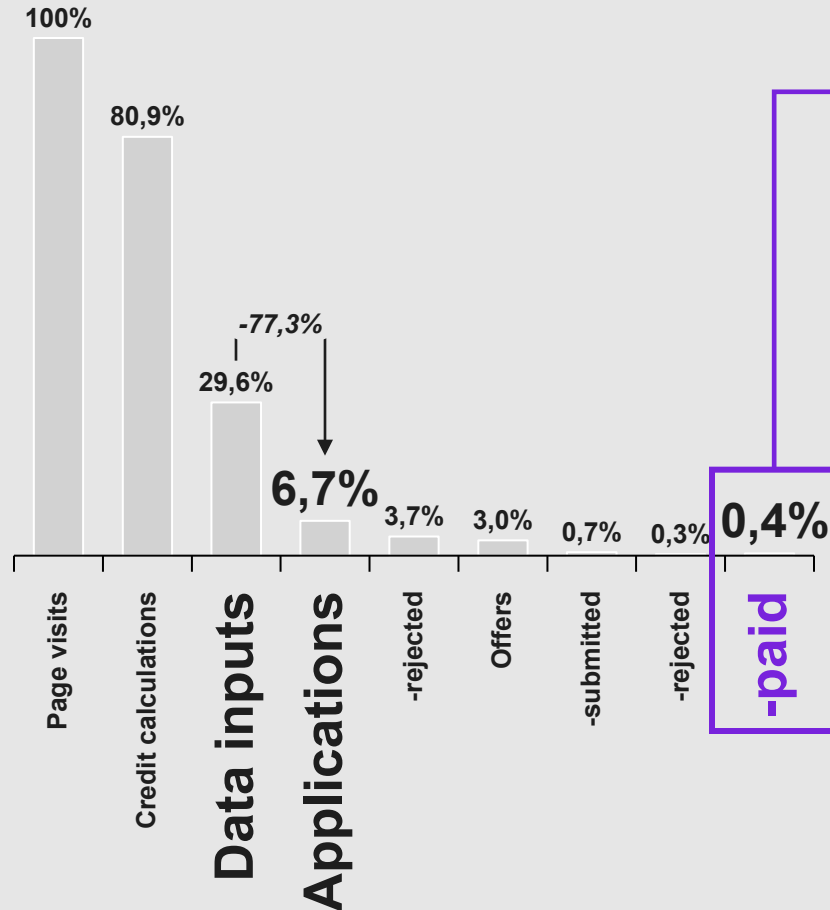
Benefit of integrated channels and proactive customer management

Example: Online consumer loan purchase, Germany

Rethink your AI readiness path

Conversion rate by sales approach

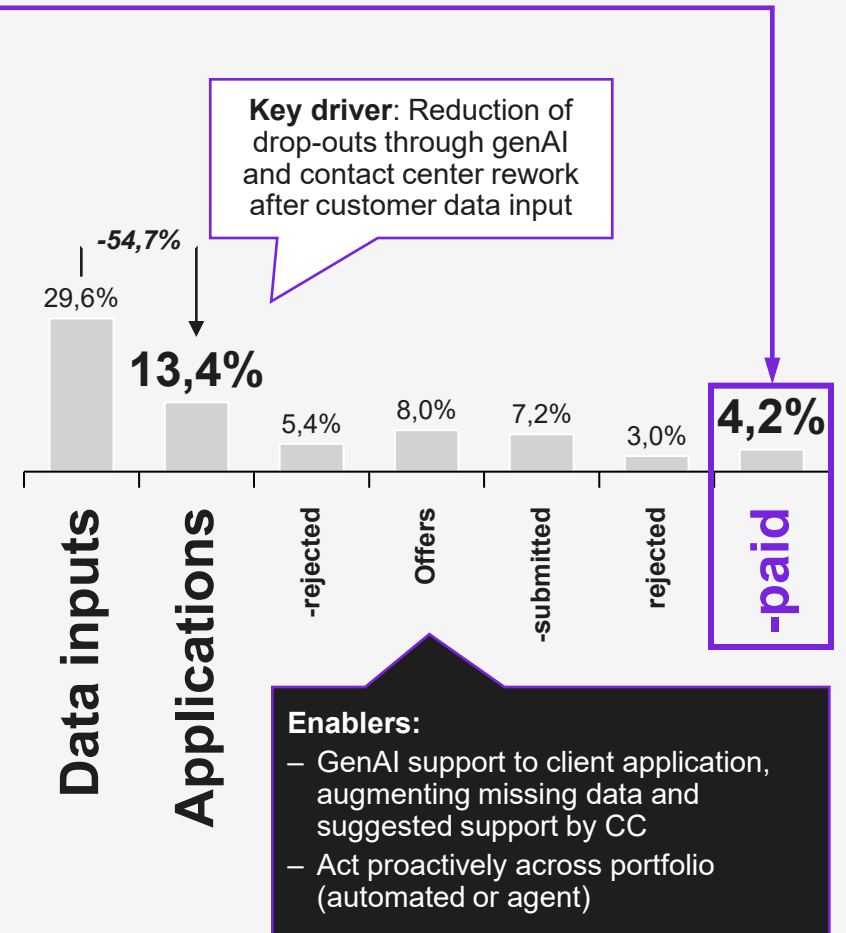
Online channel without contact center



Source: Kearney

Online channel with genAI enabled contact center

~10,5 x higher conversion rate



AI/Gen-AI has proven impact from several cases and across banking businesses

Rethink your AI readiness path

Key examples, references, of AI impacts on the banking sector

	Category	AI/Gen-AI areas of implementation	KPIs description	Impact
1	Client portfolio	Targeting larger number of new customers in SME sector in order to sell them credit card accounts	Number of SMEs targeted in marketing campaign	X3
2	Client portfolio	Developing a smart pricing approach, an advanced analytics model clustering clients and predicting price increases to boost revenues	Revenue optimization through price positioning	+[10%-15%]
3	Client portfolio	Deploying a decision-support system for sending marketing communications to personalize messages, levers and cinematics	Conversion rate	+[5%-10%]
4	Client portfolio	Automating content creation with a relational charter in a GEN AI tool	Number of differentiated contents per campaign	x100
5	Process evolvment	Improving of risk management to detect fraud	Fraudulent transactions reduction	-50%
6	Process evolvment	Optimizing customer complaint management	Evolution of # complaints customer thanks to the accuracy of RPA's answers	-90%

Revenues impacts
 Costs impacts

Looking ahead,
traditional banks
can both defend
and grow...

... but each move
should be backed
by proven tools
and data.



1 Mobile-first banking.

1 State-of-the art digital banking is now a must-have rather than a differentiator, so make the difference by understanding your clients needs.

2 Protect NII through disciplined loan growth, deposit franchise strength, and pricing

2 Sustain NII by growing quality lending, deepening low-cost deposits, and managing pricing tightly.

3 Grow fee income through payments, bancassurance, wealth, and other capital-light products.

3 Increase fee income by expanding payments, insurance, wealth, and other low-capital services.

4 Own the primary customer relationship in retail and SME/corporate banking.

4 Become the customer's main bank by anchoring everyday transactions, lending, and cross-sold services.

5 Improve productivity, risk management, and capital efficiency.

5 Improve returns through smart use of AI, automation, stronger risk discipline, and better capital allocation.

Branko Žibret
Partner & Executive Director
branko.zibret@kearney.com
+386 41 672 673



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