State of the Belgian Banks

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Foreword

This State of the Banks report presents our perspective on the Belgian banking sector, combining analysis of the annual and risk disclosures of FY2025 from the six Belgian banks under ECB supervision, together with qualitative insights derived from a dedicated workshop held in May 2026 with HR leadership from 4 large banks, conducted in collaboration with Febelfin. This dual lens reflects the reality that financial performance and strategic workforce transformation are increasingly interdependent.

Belgian banks entered 2026 in a profitable state, but under growing structural pressure. FY2025 results confirm the resilience of the sector, with income growth holding up and asset quality remaining broadly stable despite a weakening macro-economic backdrop. At the same time, the analysis reveals a widening gap in how institutions are positioned for what comes next. The central challenge is no longer financial resilience, but strategic adaptation.

That divergence is visible across several dimensions. Business models are gradually shifting, with fee income becoming a more important driver of growth as net interest income normalizes. Cost discipline has been maintained despite wage inflation and rising regulatory levies, primarily through cuts in discretionary spending rather than structural reduction. At the same time, early signs of stress are emerging in parts of the corporate portfolio, with a more uncertain outlook for credit quality into 2026.

Technology and transformation are important differentiators, but not the only ones. Artificial intelligence (AI) has moved into scaled use cases in areas such as financial crime and customer servicing, yet the broader picture is one of uneven execution. Differences in legacy infrastructure, workforce readiness, and governance maturity are creating a dispersion in how effectively banks translate technology investment into tangible outcomes.

The external environment reinforces these internal divergences. Geopolitical uncertainty, regulatory change, and evolving ESG expectations are increasingly shaping provisioning decisions, investment priorities, and management attention, with banks making different strategic trade-offs in response.

Ultimately, the banks that will outperform are those that convert strong current performance into sustained adaptation, by aligning business model evolution, risk management, and transformation at the required pace.

This report is intended to support professionals, stakeholders, and industry practitioners in understanding the evolving challenges and opportunities shaping the banking landscape. We welcome any feedback on this report and encourage you to reach out to us for further discussions.

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Key Highlights

Balance sheet
Balance sheets expanded in aggregate across the six largest banks in FY25, driven primarily by a strong recovery in mortgage lending following the reduction in registration duties in Flanders and Wallonia. On the liability side, the year was defined by a sector-wide rotation out of term deposits – accumulated in FY24 in response to the maturity of the Belgian State bond – back into savings and current accounts, as ECB rate cuts made short-term products progressively less attractive.

Income
Combined income across the six largest banks reached EUR 31.8bn (+4.1% YoY), demonstrating resilience despite a declining rate cycle. Net interest income held up better than expected, supported by deposit migration into lower-cost products, continued lending repricing, and a recovery in mortgage volumes; while fee income became the primary growth engine, driven by investment activity and transactional volumes.

Costs
Cost growth remained contained around inflation, despite wage indexation, rising regulatory charges and higher ICT costs. This was achieved often through cuts in discretionary spend rather than structural efficiency gains. Bank levies are now the fastest-growing cost component, limiting further improvement in cost-to-income ratios.

Asset quality
Asset quality remained robust overall, but early signs of stress emerged as default and bankruptcy rates in SME and corporate portfolios rose in 2025, concentrated in cyclical sectors. Meanwhile, retail and mortgage portfolios held up well, supported by a resilient housing market and stable household credit quality.

Capital and liquidity
Capital positions remained solid across the six largest banks, comfortably above regulatory requirements. However, the first year of CRR3 implementation highlights increasing dispersion in capital ratios, driven primarily by portfolio composition. Output floor effects remained limited in 2025 due to transitional measures and are expected to become a more meaningful driver through 2030. Liquidity remains strong and well above regulatory thresholds, supported by stable deposit bases.

Strategic workforce and AI
AI has moved into scaled operational use, particularly in financial crime and customer servicing, but workforce transformation is lagging behind technology deployment. Based on engagement with HR leadership across the sector, banks are only at an early stage of strategic workforce planning, with significant reskilling needs, role redesign, and uneven readiness across functions. Workforce adaptability is emerging as a key challenge on the translation of technology investment into sustainable performance.

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Operating performance & Risk Management

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Methodology

The analysis is based on the consolidated financial statements and Pillar 3 disclosures of the six Belgian banks under ECB supervision: BNP Paribas Fortis, KBC Group, Belfius, ING Belgium, Crelan, and Argenta. Figures up to 31 December 2025 are reported on a fully consolidated basis, meaning they include the results of all subsidiaries and affiliates.

As such, the analysis reflects group-level performance, meaning that banking groups are compared with one another rather than focusing solely on banking activities in Belgium.

Bank	Key operating segments within the consolidation scope
BNP Paribas Fortis	Banking activities in Belgium, Luxembourg, and Turkey Arval and Leasing Solutions Other (Personal Finance, Asset Management, etc.)
KBC Group	Bancassurance activities in Belgium, the Czech Republic, and Central Europe (Slovakia, Hungary, Bulgaria), which include asset management activities, leasing activities, etc.
Belfius	Bancassurance activities in Belgium (for Individuals, Entrepreneurs, Enterprises, and Public Sector), which include asset management activities, leasing activities etc.
ING Belgium	Primarily retail and wholesale banking activities, mainly in Belgium, with additional activities in Luxembourg
Crelan	Retail banking activities (Crelan Federation and Europabank) in Belgium
Argenta	Retail banking and insurance activities in Belgium and the Netherlands, and asset management activities in Luxembourg

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Income

In FY25, the six largest Belgian banks demonstrated resilience of their income base in a challenging environment: navigating a declining rate cycle, rising regulatory costs and geopolitical uncertainty while still growing their combined income to EUR 31.8 billion, a 4.1% increase year-on-year.

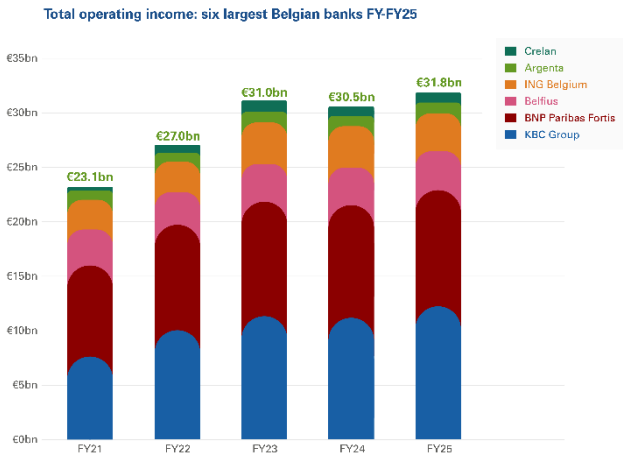
Bank	CAGR (FY21–FY25)	CAGR (FY24–FY25)
BNP Paribas Fortis	5,9%	2,9%
KBC Group	12,7%	9,2%
Belfius (*)	4,6%	2,4%
ING Belgium	3,6%	(6,7%)
Crelan (**)	26,9%	3,1%
Argenta	5,0%	6,5%

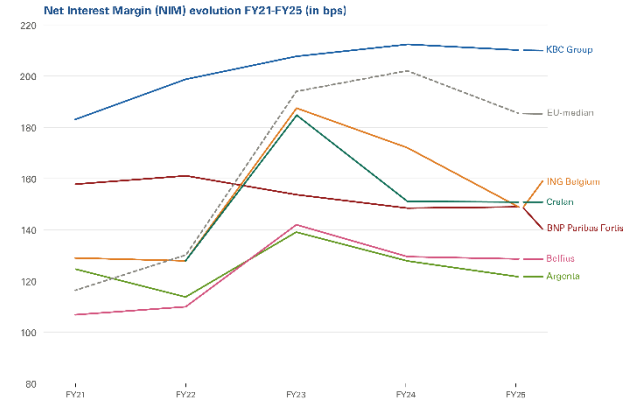
Three trends stand out:

1. Net Interest Income (NII) proved more resilient than feared. Despite the ECB's continued rate easing in FY25, most banks managed to hold or grow their net interest income. Three factors cushioned the impact: proactive liability management as deposits migrated from more expensive term accounts back into lower-cost savings products; a recovery in mortgage origination volumes, driven in part by the reduction of registration duties in Flanders and Wallonia early 2025; and continued repricing on the lending side. The exception is ING Belgium, where NII fell due to a combination of rate compression and the phase-out of mass retail activities in Luxembourg to refocus on private banking and wholesale.

Compared to the European median net interest margin (NIM) of ECB-supervised significant institutions, apart from KBC Group, most Belgian banks operate at lower NIM, driven by structural features of the Belgian market: mortgage books that are predominantly fixed-rate, statutory caps on variable mortgage rates, and inexpensive legal prepayment options – all of which compress asset yields relative to European peers.

Note that the NIM is defined as the ratio between net interest income and average interest-earning assets. A higher NIM generally reflects better profitability and asset utilization, while a lower NIM may indicate rising funding costs and/or reduced lending returns.





(*) For comparison purposes with other banks, we removed bank levies from Belfius' operating income figures.

(**) Crelan's compound annual growth rate (CAGR) over FY21-FY25 is largely driven by its acquisition of AXA Bank.

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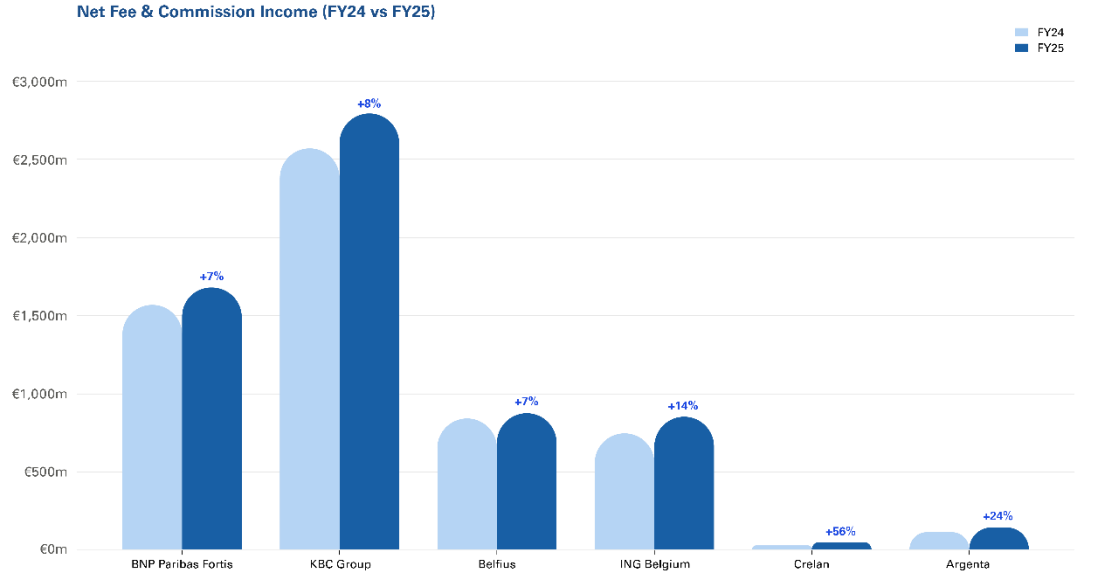
Income

2. Fee income became the sector's primary growth engine. All six banks reported record or near-record net fee and commission income in FY25. Two engines drove this. The first was investment-led: clients rotating maturing term deposits and government bonds into investment funds, unit-linked insurance and discretionary mandates, generating higher entry and management fees as assets under management reached new highs. The second was transactional: payment services, network income and securities-related fees grew steadily alongside higher customer activity. The structural shift in income mix is now visible in the numbers: for some institutions, net fee income approaches a quarter of total operating income, a share that would have seemed improbable at the NII-dominated peak of 2022–2023.

3. Income diversification provided a buffer against NII pressure, though the sources varied across banks. For KBC Group and Belfius, insurance underwriting provided a genuine third income pillar: life premium volumes rose sharply, supported by an attractive rate environment and a shift in savings flows away from maturing deposit products towards insurance investment solutions, while non-life portfolios benefited from indexation and portfolio growth. For BNPPF and ING Belgium, other income was driven by different engines: BNPPF benefits from vehicle leasing and international operations, while ING Belgium's other income was supported by financial markets activity and deeper wholesale client engagement.



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Costs

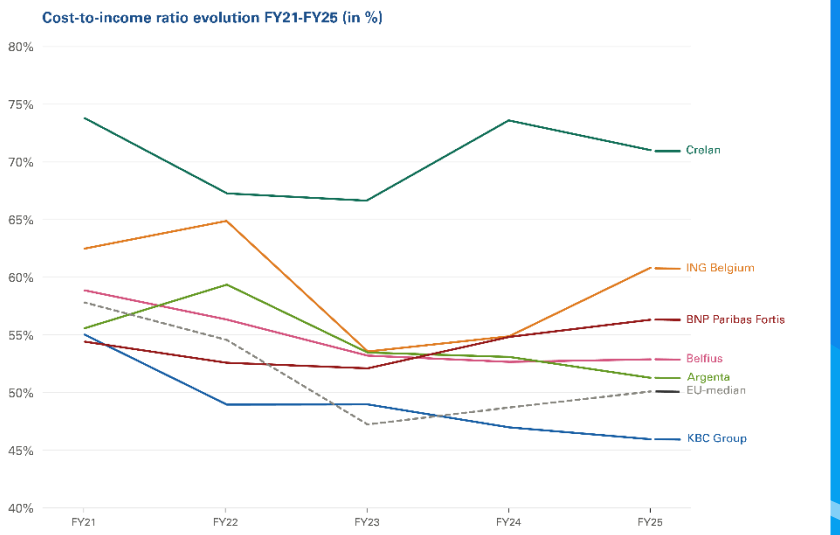
In FY25, Belgian banks navigated a cost environment shaped by three concurrent pressures: wage indexation driven by Belgian inflation of around 3%, rising mandatory regulatory charges, and continued technology investment requirements. The net result, for most institutions, was operational cost growth held broadly in line with or below inflation, with cost-to-income ratios stable or improving. The only exception is ING Belgium, whose CIR rose as falling net interest income could not be offset by operational cost discipline, with a surge in contributions to the Deposit Guarantee Scheme (DGS) adding further pressure on the cost base.

For comparison purposes, we adjusted the reported CIR for Belfius to account for bank levies as part of operating expenses. Nonetheless, cost-income ratios may not be fully comparable across banks, as calculation methods can differ – particularly in the treatment of non-recurring or exceptional items, and allocation of commission-related costs.

Costs held below inflation despite structural wage pressure. Belgium's automatic wage indexation mechanism pushed staff expenses higher across the board. Banks offset this through reductions in external consultancy fees, professional services and discretionary spending. Most banks managed to contain total operational cost growth within or below the rate of inflation despite having limited room to maneuver on the staff line.

Technology investment is rising. ICT costs increased at several institutions, reflecting continued investment in application infrastructure, core platform modernization and AI tooling. For instance, ING Belgium launched a multi-year core banking modernization program. Belfius increased technology and system costs while reducing consultancy spending. Argenta continued to invest in digitalization and infrastructure renewal. This trade-off – accepting higher technology costs in exchange for reductions elsewhere – partly explains why headline cost growth remained contained even as strategic investment accelerated. The scale of these investments is further visible on the balance sheet, as annual additions to internally developed software totalled approximately EUR 650 million across the six institutions in FY25.

Bank levies are the fastest-growing cost line. Contributions to the Deposit Guarantee Scheme (DGS) rose significantly across the sector, driven by the Law of 23 November 2023, which raised the DGS target level to 1.8% of covered deposits with contributions front-loaded over 2023–2025. These charges are non-discretionary and cannot be offset by operational efficiency measures. Several banks explicitly noted that rising levies were the primary factor preventing their reported cost-to-income ratio from reflecting the full extent of underlying operational cost discipline. Although FY25 marked the end of the DGS front-loading period, overall levy pressure remains subject to legislative and fiscal developments.



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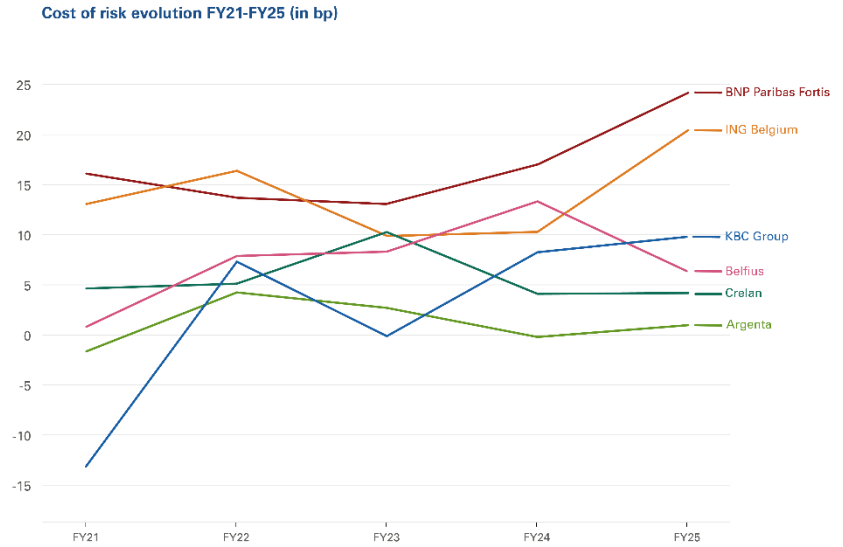
Asset Quality

The cost of risk (CoR) is a key measure to compare the asset quality of banks. For comparison purposes, it is defined here as the reported impairment charges on financial assets (at amortized cost) in the reporting year over the average gross carrying amount of both loans & advances and debt securities, expressed in basis points (bps). The former reflects the impact of changes in provisions for credit losses (ECLs) since initial recognition. Figures may therefore differ from bank-reported cost of risk metrics (*).

The cost of risk across Belgian banks remained low by historical standards in FY25, but trends diverged compared to FY24: ING Belgium and BNPPF saw an upward drift, driven primarily by their international and wholesale books, while KBC also rose modestly at the group level; Belfius recorded an improvement, partly reflecting significant stage 1 and 2 provision reversals driven by model updates and bond portfolio derisking, that partially offset stage 3 charges; and Argenta and Crelan remained essentially flat at very low levels.

The pattern in the domestic Belgian portfolio is consistent across the sector: retail and mortgage portfolios held up well, supported by a resilient housing market and stable household credit quality, while the pressure was concentrated in the SME and corporate segment. Belgian bankruptcies reached their highest level since 2013, with construction, transport, and professional services the most affected sectors by bankruptcy count, while chemicals and manufacturing – exposed to the combined effect of high energy costs, wage indexation, and subdued demand – were the most prominent corporate credit stress sectors.

The main forward-looking risk, flagged by several banks, is the potential for a second year of corporate credit cycle pressure, particularly if trade tariff impacts and Belgian fiscal tightening weigh further on export-oriented SMEs. Finally, several banks have also formally embedded geopolitical risk into their ECL provisioning frameworks, adjusting macroeconomic scenario weightings toward adverse outcomes in response to trade policy uncertainty, the conflict in Ukraine and broader geopolitical fragmentation. However, given their calibration as of 31 December 2025, these provisions did not yet capture the impact of the Iran conflict that escalated in 2026.



(*) Note that if a bank releases more provisions than it sets aside (e.g., reverses previous impairments because expected credit losses have improved or actual losses are less than anticipated), the net impairment charge becomes negative. Conversely, a low net charge may also reflect effective anticipative provisioning: when exposures migrate from stage 2 to stage 3, previously accumulated S2 provisions are reversed and replaced by specific S3 allowances, with the two movements partially offsetting in the P&L.

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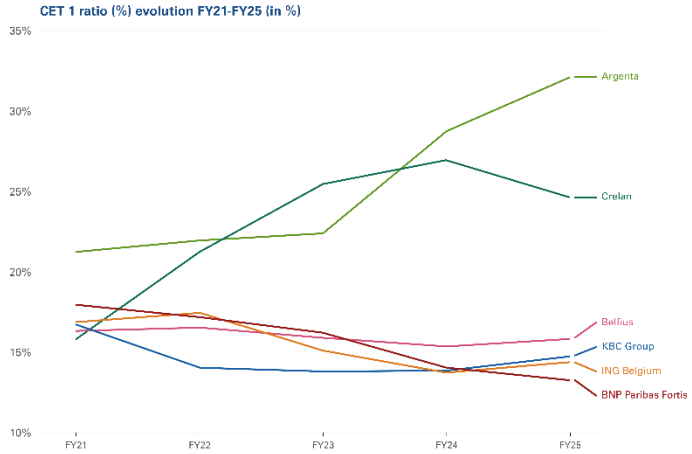
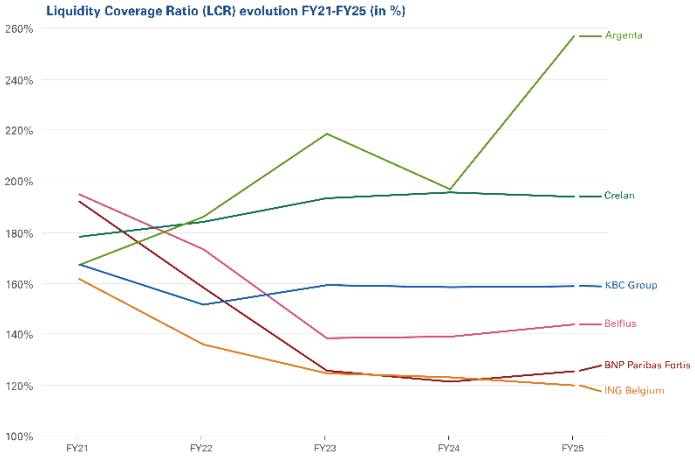
Capital & Liquidity

FY25 marked the first year of application of CRR3 (Basel IV), and its impact on the reported CET1 (transitional) ratios varied considerably across banks, reflecting differences in business model, portfolio mix, and the extent to which the new output floor proved binding. Among the four universal banks, movements were modest and broadly explained by the interplay between profit generation, dividend distributions, and CRR3-driven RWA changes. KBC's ratio edged up, supported by strong profit generation, while BNP Paribas Fortis saw a decline, driven in large part by a sharp increase in operational risk RWA under CRR3's new single standardized methodology. ING Belgium benefited from the revised credit risk treatment and a business relandscaping that reduced overall RWA, while Belfius remained broadly stable.

The larger moves occurred at Argenta and Crelan, both retail-focused institutions with IRB-modelled mortgage portfolios. Argenta's ratio rose materially, combining continued capital accumulation through profit retention with a net reduction in RWA following model recalibrations and several CRR3 changes that proved favorable for its portfolio, though the bank itself notes that the output floor had no material impact in FY25 and expects it to begin affecting results from 2026. Crelan saw its ratio decline as the output floor accounted for the large majority of the RWA increase, with IRB portfolio growth and operational risk making up the rest; despite a strengthening of its capital base through Crédit Agricole's entry into the shareholder structure, which cushioned the ratio impact.

FY25 liquidity ratios were broadly stable across the six largest banks, with all maintaining a solid buffer above the regulatory minimum. Argenta stood out with a sharp increase in its LCR, driven by continued customer funding inflows and successful wholesale issuances.





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Banking Sector Dynamics

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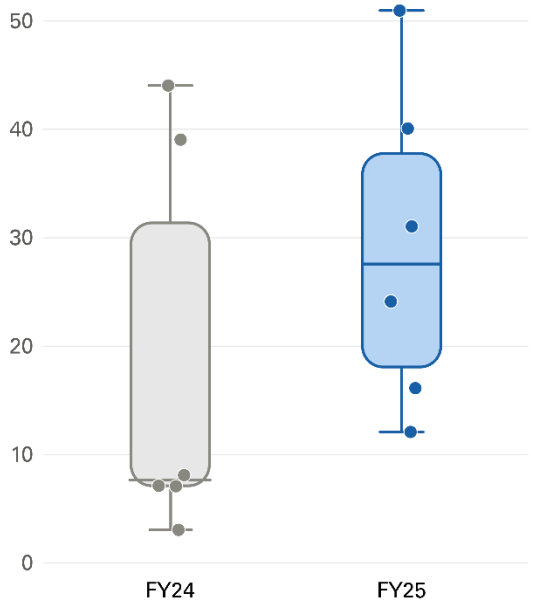
AI in practice

Across the six largest Belgian banks, AI is positioned as a structural transformation lever. The 2025 annual reports also reflect a shared shift toward scaled deployments. The ambition is consistent: AI is expected to transform both how banks operate internally and how they serve customers.

This shift is also visible in how prominently AI features in what banks choose to communicate publicly. As shown in the figure below, the median number of AI references in annual reports roughly tripled between FY24 and FY25, with the distribution shifting upward and becoming more concentrated at higher values, pointing to a broader and more consistent emphasis on AI across institutions.

The most tangible deployments concentrate around two domains. First, in **compliance and financial crime**, AI-driven automation of KYC due-diligence, transaction monitoring and fraud detection has moved from roadmap to implementation, with banks reporting benefits including reduced false positives, faster detection and significantly lower manual burden. Second, in **customer experience**, the most advanced deployments are already operating on a significant scale. ING reports that GenAI chatbots handle over 60% of customer conversations across its entities (including Belgium), while KBC's digital assistant Kate resolves 82% of Belgian client cases fully autonomously.

AI references in annual reports



Looking ahead, **the more advanced banks are beginning to frame a next phase centered on greater AI autonomy**. Agentic AI – systems capable of acting and deciding independently – features explicitly in their strategic narratives and board-level discussions, though operational deployments remain limited and the language is deliberately cautious. The emerging trajectory moves from AI that supports human decision-making, to full process automation, to genuinely autonomous systems, with each step treated as conditional on thorough validation and regulatory alignment before the next begins. This progression is accompanied by a visible tightening of AI-specific risk frameworks as a direct response to the rapid move from pilots to day-to-day use, which has surfaced a shared set of concerns across the sector: data privacy, model accuracy, bias, and cybersecurity exposure.

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Technology modernization and cyber resilience

The AI deployments described above rest on a deeper layer of technology modernization that has become one of the most consistently prominent themes across the 2025 annual reports. Almost every institution is running a multi-year program to rebuild core infrastructure, expand digital channels, and automate processes at scale. Digital transformation is, in this sense, both the precondition for AI and a strategic imperative in its own right: banks that fail to modernize their technology stack risk being unable to deploy, scale, or govern AI applications competitively.

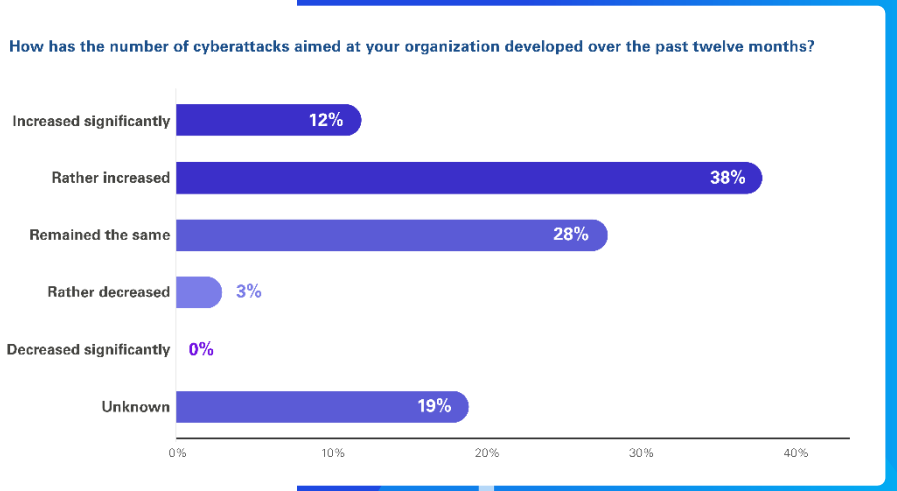
The **investment programs are substantial**. ING Belgium's New Banking Platform completed its first full year on track and under budget, progressively replacing the bank's legacy core with a modular, cloud-compatible architecture designed to reduce time-to-market for new products and improve operational resilience. Crelan launched a three-year Transformation Plan in 2025 covering systemic resilience, digital channel enhancement, and process automation. KBC is advancing multiple platform initiatives across its five core markets simultaneously. Belfius convened its Board-level Technology Committee ten times in 2025 and continued capitalizing significant volumes of internally developed software.

The common thread is a **shift from maintaining legacy systems to building flexible, automated, and scalable foundations**. For the more advanced institutions, this is already enabling the AI applications described previously – real-time fraud detection, autonomous client servicing, and straight-through processing – that would not be feasible on older architectures.

At the same time, the **cyber threat environment intensified**. Cybersecurity features as a top-tier risk at board level across all six institutions. KBC explicitly noted that its cyber threat landscape came under increased pressure in 2025 as a direct result of elevated geopolitical tensions, with AI-enabled attack methods – including deepfakes and sophisticated phishing – adding new dimensions to a threat that banks are simultaneously trying to harness internally. BNP Paribas Fortis notes that regulators now consider cybercrime a growing systemic risk for the financial sector, with supervisors emphasizing the need for financial institutions to strengthen their resilience to cyberattacks.

The sector's regulatory framework also caught up in 2025 with the **full implementation of DORA**, which tightened ICT governance requirements and third-party oversight across the sector. DORA's arrival is well-timed: the accelerating shift toward cloud infrastructure and third-party technology vendors has made concentration risk one of the more prominent entries in risk frameworks. Several institutions have responded by strengthening third-party risk management frameworks and contractual ICT resilience requirements; measures that add compliance cost in the short term but address a structural vulnerability that regulators have flagged with increasing urgency.

The **deteriorating threat landscape is not unique to financial institutions**. According to our 2025 Cyber Survey, half of Belgian organizations across all sectors reported an increase in cyberattacks over the past twelve months, with state-backed actors and organized crime cited as the dominant sources.



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Geopolitical risk

Geopolitical risk continues to rank as a **front-row emerging risk that cuts through various transmission channels**. Trade protectionism, the Russia-Ukraine war, and Middle East instability are the consistent sources of concern, with knock-on effects spanning energy prices, trade route disruption, market volatility, and cyber threats. The key drivers of geopolitical conflicts are largely emotionally or power-politically motivated, and further escalation aimed at reshaping the global order is to be expected.

Where banks diverge is in how they **translate this uncertainty into provisioning decisions**. Belfius built a dedicated provisioning overlay for geopolitical uncertainty, conducting a top-down and bottom-up analysis of its corporate and business portfolio to identify counterparties and sectors with elevated sensitivity to US protectionism and shifts in international trade. KBC Group operates a similar dedicated reserve for geopolitical uncertainties, determined by identifying individual counterparties and sectors exposed to macroeconomic stress and geopolitical tensions. ING Belgium and BNP Paribas Fortis took a different but also explicit approach, incorporating geopolitical shocks directly into the downside scenarios underpinning their probability-weighted expected credit loss calculations: ING's downside scenario captures the possible impact of geopolitical tensions, global trade policy and heightened tariff uncertainty. BNP Paribas Fortis similarly identifies geopolitical tensions – alongside trade fragmentation and public finance pressures – as key drivers of its adverse scenarios four-scenario ECL framework. Crelan and Argenta, by contrast, reported close monitoring of geopolitical developments without a direct translation into provisioning at this stage.

The domestic economic backdrop sharpens the picture. Corporate credit quality deteriorated through 2025, with construction, transport, and chemicals the hardest-hit sectors. The chemical sector attracted targeted portfolio screenings at several banks given its dual exposure to Chinese overcapacity and high European energy costs. On the household side, residential real estate held up supported by fiscal stimulus. Belgium's public finances add a further risk layer: a federal budget deficit approaching 5% of GDP, recent sovereign rating downgrades and public debt projected above 100% of GDP constrain the government's capacity to respond to any renewed economic deterioration. The interest rate environment – still historically elevated despite ECB easing – remains the central variable connecting macro dynamics to bank earnings and portfolio risk, with NII sensitivity to further rate movements a key disclosure theme across the sector.

Geopolitical risks and disruptive trends have escalated since 2017

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Regulatory pressure

On the regulatory side, the **most structurally significant change was the entry into force of CRR3 on 1 January 2025**, which transposed the Basel IV final reforms into EU law. CRR3 introduces more risk-sensitive standardized approaches to credit risk, tightens the use of internal models through a progressive output floor and revises the treatment of operational risk and real estate exposures. The capital impact varies by institution and portfolio composition.

Financial crime compliance has become an equally prominent workstream. The EU's establishment of the Anti-Money Laundering Authority (AMLA) and adoption of the harmonized Anti-Money Laundering Regulation (AMLR), with full implementation expected by 2027, are reshaping the supervisory landscape for KYC and transaction monitoring. At the same time, several banks are managing active remediation programs on their existing AML frameworks. Moreover, supervisory priorities are intensifying, with the ECB's ongoing focus on topics such as risk culture, non-financial risk (NFR) governance, and data quality and aggregation capabilities (BCBS 239) continuing to demand increasing management attention.

Looking ahead, a **further wave of regulatory changes are coming that will compete for internal capacity** alongside banks' ongoing transformation programs: sustainability (Omnibus I simplification), digital and data (MiCAR, AI Act, FiDA, Digital Euro), operational security (NIS2, Cyber Resilience Act, DORA follow-on requirements), payments (Instant Payments Regulation, PSD3), and financial markets (EMIR 3, Capital Markets Union developments). The breadth of this regulatory pipeline and its overlap with transformation and technology investment programs are increasingly cited as a resource allocation challenge in its own right, particularly for smaller institutions where compliance and strategic change are competing for the same pools of specialist expertise.

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Climate and ESG risk

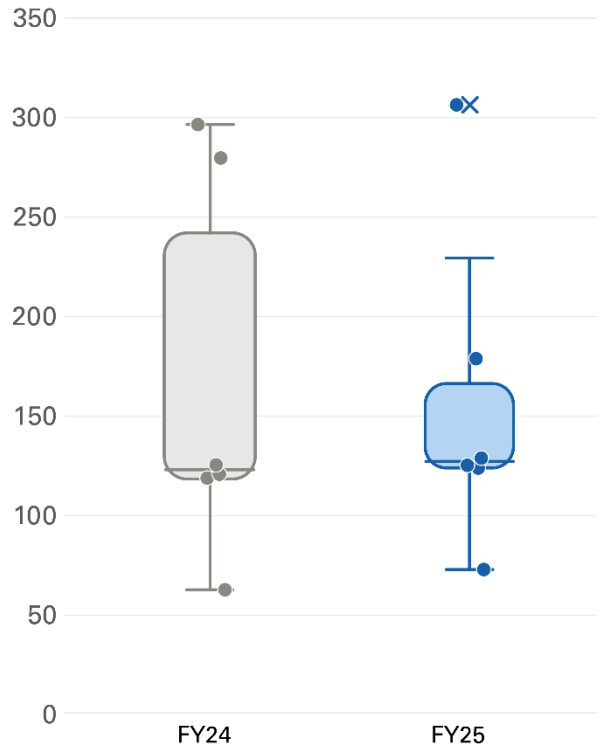
ESG risk is now embedded in credit risk management across all six institutions. The 2025 **focus has shifted from framework-building to operationalization**: ESG considerations are increasingly translated into credit underwriting standards, collateral valuation frameworks, and portfolio-level monitoring, with individual exposure assessments applied selectively for material files in climate-sensitive sectors.

The approach splits along portfolio lines. For corporate lending, transition risk is the primary concern, with banks tracking financed emissions via PCAF, applying sector-level decarbonization targets, and incorporating climate scenarios into credit risk assessments. For mortgage books, physical risk dominates, with flood exposure and EPC scores embedded in risk appetite frameworks across the sector. Data gaps remain a binding constraint: EPC coverage is incomplete, and banks rely on proxies pending broader corporate disclosures under CSRD.

The **regulatory environment for ESG remains unsettled**. The Omnibus I package has created material uncertainty in ESG disclosure obligations, with institutions responding differently: BNP Paribas Fortis continued publishing its GAR, applying available simplification measures under existing taxonomy disclosure rules; Belfius suspended its Pillar 3 GAR and BTAR templates entirely until end-2026, following EBA guidance and a subsequent no-action letter. This regulatory uncertainty is also visible in how banks are communicating: ESG references in annual reports became more uniform across the sector in FY25, with previously high reporters pulling back toward the pack.

Banks that have invested heavily in ESG data infrastructure now face a real strategic choice: maintain the ambition of the original framework or scale back to a simplified regime whose final contours remain unclear. For more information on CSRD reporting, we refer to our benchmarking report ‘Embedding sustainability within Belgian banks 2026’.

ESG references in annual reports



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AI and the workforce

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AI and the workforce

AI is reshaping work across the Belgian banking sector at an unprecedented speed. Where many organizations were still exploring the fundamentals of AI only 12 months ago, the discussion today has become far more concrete: what does AI mean for the workforce, and how must work itself change?

In this context, the primary challenge in today's labor market shifts from managing talent supply to actively shaping workforce relevance. As organizations rethink how work is designed and delivered, they must take on a more active role as architects of the future of work.

Insights from our qualitative study - conducted in cooperation with Febelfin in May 2026 and involving HR leadership from major banks in Belgium - reinforce this sense of urgency. 75% of HR leaders participating in the study expect a high workforce impact from AI and automation over the next three to five years.

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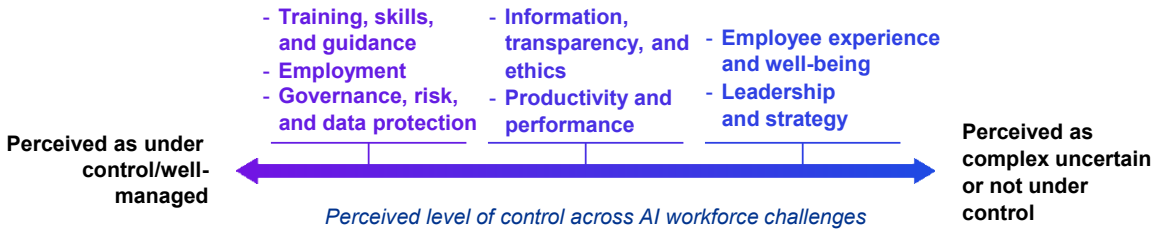
From capability building to structural workforce challenges

As Belgian banks respond to the initial wave of AI-driven transformation, it is becoming clear that while technology can be deployed rapidly, organizations do not always move at the same pace. Indeed, the six Belgian banks are, at best, only at the beginning of the workforce planning journey when compared with peers in other markets. Against this backdrop, seven key challenges linked to the AI-driven workforce transformation emerge and are discussed in more detail below. These challenges have been clustered based on the level of control perceived by HR leaders in our study.



Perceived level of control across AI workforce challenges

In discussions on AI's impact on the workforce, **training in AI skills** is seen as integral to the solution. Belgian banks emphasize that this does not automatically imply a proportional increase in L&D budgets. Instead, they expect a shift away from broad learning catalogues towards more personalized and role-specific learning pathways. In an AI-driven world of work, the focus is moving towards a balanced mix of (1) human-centric soft-skills, (2) AI literacy, and (3) continuously evolving job-specific capabilities that adapt alongside changing roles and business contexts. As reskilling is required, this transition is often accompanied by anxieties about potential job loss, as many face **employment** uncertainty. Through strategic workforce planning, organizations can anticipate the evolving job landscape within the organization, aimed at maintaining employability in the long term for their workforce. When it comes to **governance, risk management, and data protection**, HR leaders indicate the banks are putting in place clear policies and practical guidance on the usage of AI.

Information transparency, ethical guidelines, productivity, and performance are perceived as being in motion and only partially within the organization's control. When it comes to ethical guidelines, a key consideration is how to address the growing concerns around the ecological footprint of AI solutions and ensure that technological innovation remains aligned with organizational values. A key productivity challenge is how to position junior employees in an AI-driven environment: while they remain essential for capability building and maintaining a future talent pipeline, some organizations are simultaneously considering reducing entry-level roles due to AI-enabled productivity gains.

Well-being, leadership, and strategy in the context of AI, are perceived as the most complex considerations. Their impact is more diffuse and less tangible, resulting in a higher degree of uncertainty. When it comes to well-being, the participating HR leadership points to a growing psychological tension between fear and opportunity. Questions arise around what happens when AI removes "easy cognitive work" and leaves employees with consistently higher intensity tasks. These tensions also place pressure on **leadership and strategy**. Leaders are expected to respond to increasing competitive pressure from fintechs and new market entrants. At the same time, they are expected to guide workforce transformation in a way that preserves engagement and human touch.

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The AI exposure x workforce adaptability framework

Most of the banks anticipate cutting jobs, particularly in administrative roles. At the same time, as certain jobs disappear, tasks will shift and new roles will emerge. In this regard, banks refer to the large-scale digital evolution and transformation they have already been undergoing over the past 10-15 years, which ultimately did not result in a massive reduction in the number of jobs but rather in a status quo marked by a clear shift in skills.

Two related but distinct concepts are essential in this debate: AI exposure and adaptability (cf. Figure). The key insight from the **AI Exposure × Adaptability lens** is that AI exposure does not equal displacement. Instead, it highlights where work will need to be fundamentally redesigned and where targeted interventions, such as reskilling, will be most critical to maintain a workforce that is future proof.

Focusing on adaptability, we identify three levels. Roles with **low AI adaptability** are at risk as they are typically more operational. When these roles are exposed to AI and workload deflates, the options for the job holders to move to other roles within the organization are limited. Our qualitative study indicates that - according to participants' assessments - roles such as KYC specialists, retail bankers, and insurance sales advisors fall into this risk category. Targeted reskilling initiatives and clear governance frameworks are viewed as important mechanisms to mitigate displacement risks.

The majority of the roles are estimated to have **medium adaptability**. These are roles that can adapt, but not without intentional redesign and support. Employees taking on these roles, such as Branch managers and accountants, should be supported through AI enablement, targeted upskilling for higher-value tasks, accompanied by strong change management.

The **high adaptability** cluster consists of roles where AI creates a transformation opportunity by accelerating and capturing value, while enabling talent mobility through skill marketplaces. According to participants in the study, roles such as data analysts and internal auditors are expected to face high AI exposure - significantly reducing their workload - but they retain stronger transition opportunities within the organization due to their adaptable analytical capabilities. For workforce planning, this implies a need to proactively redeploy these profiles, accelerating internal mobility while redefining role scopes to focus on higher-value analytical and decision-support activities.

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The AI exposure x workforce adaptability framework

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Architects of work

For organizations, this implies a more active role: they must become **architects of work**, deliberately shaping how tasks are redistributed, how roles evolve, and how employees transition between them. Three dimensions are critical to enable this shift: mindset, incentives, and controls.

In terms of **mindset**, HR leadership of the Belgian banks see opportunities to develop a strong leadership mindset to support transformation, by developing a clear AI narrative, equipping leaders with stronger change-management capabilities, and fostering a constructive culture while keeping the human impact visible. One of the key strategic questions to address relates to how organizations should capture and manage AI-driven productivity gains. Possible scenarios range from a sharp decline in the number of jobs, to alternative work models, or other forms of labor reorganization (such as the four-day work week).

To enable the AI shift, specific **incentives** are considered and already put in place to accelerate the AI transformation. The banks prefer a collective approach for incentivizing appropriate AI use, e.g. through a CLA 90 bonus, setting collective objectives related to AI training or reskilling. Other concrete actions range from creating communities around AI and making successful use cases visible, to organizing innovation workshops and challenges that reward early adopters.

Controls need to be in place to ensure responsible AI adoption, such as defined tool usage, supported by ethical guidelines and mandatory training on responsible AI use. The underlying intent is to enable experimentation in a safe environment, particularly important given concerns around HR and customer data. A recurring action theme is also the need to ensure employees understand when AI-generated outputs require human validation, especially where junior learning-by-doing is at risk.

Our study shows that AI is accelerating the transformation of work across the Belgian banking sector. However, maturity levels in workforce planning remain limited compared to other markets. The difference between organizations that succeed and those that fall behind will increasingly depend on their ability to **deliberately redesign work**, balancing productivity gains with workforce sustainability and maintaining engagement throughout periods of change. Long-term success will rely on creating an environment in which **innovation and responsible AI adoption can coexist**, while ensuring that employees remain equipped, supported, and engaged. As AI reshapes tasks, roles, and organizational structures, **workforce adaptability will become a defining factor of competitiveness** in the future Belgian banking landscape.

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Conclusion

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Conclusion

The period of strong NII-driven profitability is normalizing, with banks increasingly relying more on diversified income sources - particularly fee-based activities - to sustain growth.

Cost discipline will remain a structural challenge, as wage inflation, regulatory requirements, and continued technology investments limit the scope for further efficiency gains without deeper operating model changes.

Technology is becoming a key differentiator, but execution remains uneven. While AI use cases are scaling in areas such as financial crime and customer servicing, differences in legacy infrastructure and governance maturity are creating a widening performance gap across institutions.

At the same time, workforce transformation is emerging as a binding constraint. Based on dedicated engagement with HR leadership across the sector, banks are still at an early stage of strategic workforce planning relative to the pace of technological change, creating risks around reskilling, role redesign, and long-term employability.

The risk environment is becoming more complex and cumulative. Geopolitical uncertainty, regulatory expansion and ESG-related transitions are increasingly shaping provisioning approaches, investment priorities, and resource allocation, with banks making different strategic trade-offs.

Looking ahead, competitive positioning will increasingly depend on the ability to translate strong current performance into structural adaptation, by aligning business model evolution, technology execution, risk management, and workforce transformation in a coherent way.

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