

# ARE LAW FIRMS ADAPTING TO IN-HOUSE COUNSELS' NEEDS? - BANIF

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## **The crisis is a very difficult challenge, says Bruno Santos de Jesus, but some external law firms don't seem to realise the changing demands being placed on their clients**

La actual situación económica comporta dificultades añadidas para las empresas, afirma Bruno Santos de Jesus, de Banif, sin embargo aún son muchos los abogados externos que no parecen apreciar la necesidad de cambiar su forma de ofrecer servicios, especialmente cuando el Banco se enfrenta a una crisis bancaria, a un rescate del FMI y a una reestructuración interna.

As Head of Legal and Company Secretary of Banif, one of Portugal's relevant financial institutions, Bruno Santos de Jesus (BSJ) knows about 'demands'. Faced with a banking crisis, an IMF bailout and an ambitious internal restructuring, his legal department has been busy.

### **Multi-tasking**

BSJ began his career in private practice, as a Partner at Luis Carvalho Neves & Associados, before founding SJM & Associados. In 2005, he moved in-house to Banif (Portugal), became Company Secretary in 2008, and in early 2012 adding the title of Head of the Legal Department.

The ambitious challenge of working these two roles is made easier as they are very complementary, he says. As Company Secretary, BSJ is the legal figure that manages the relationships between Banif and its regulators, the Securities Market Commission (CMVM) and the Bank of Portugal (BoP). Coordinating the flow of information between Banif's corporate and non-executive bodies and the regulators, with whom he has built close relationships.

Since Portugal's 2011 IMF bailout, all its banks are under even closer scrutiny by the BoP and the Government. The eight biggest banks have had inspection teams working with them in-house, meaning that BSJ also has to assure the availability of requested information and keep them updated on all new initiatives. "Yes, we are working on a shorter leash, but having these teams in-house reassures the market, our clients and stakeholders that we are doing what we are supposed to. And we already have a close working relationship with the regulators, which makes the process that much easier."

Banif also formally began a large scale restructuring in 2011, adopting common structures to optimise group resources. In relation to their three banks in Portugal, for example, they saw that there were three different legal departments working on the same issues. "There was a great deal of duplication, and so we have created one large scale legal department servicing the entire group in Portugal." This process has also been happening through other departments in the Banif Group.

### **The legal department**

BSJ's consolidated legal department deals with, among others, advisory services to the corporate bodies and business units on strategic matters, and matters involving the relevant regulators and tax administrations. They also handle all law suits against the bank that go outside the mainstream recovery process, dealt with by the credit recovery department. "These are just the natural matters that arise within a Group that has such a considerable number of banks and financial companies in the market."

Currently at the top of his agenda, however, is the need to comply with the demanding capital requirements imposed by the BoP and the Government. "By the end of 2012, we need to have core tier one ratio of 10 percent, which involves taking many reorganising measures to optimise equity and enhance capital ratios." While his plate is undoubtedly very full, BSJ only outsources his legal department's "rocket science" issues on, among others, capital markets, securities issuances and M&A. And he has a pool of preferred firms that he dips into, shortlists and asks for proposals.

### **Outsourcing**

What BSJ looks for most from his externals is involvement. "When you outsource, you don't 'outsource' the problem – that stays with you." He finds that often, when asking for a legal opinion, lawyers present options but don't give a specific opinion on the best solution. "They don't get involved enough to see the problem in a way that adds value to the decision maker. They don't see it as 'their' problem, but 'your' problem to solve."

Furthermore, BSJ feels that some law firms do not seem to be aware of the cost cutting and downsizing pressures their clients are under. "When I'm telling my internal team that they have to work more for less, I cannot outsource the same work to a law firm charging unrealistic prices. By doing that I'm sending the wrong message in-house. Our in-house team is very efficient and involved, so we demand that outsourced law firms deliver that same kind of involvement and added value."

The banks in particular are facing a different, more demanding market, he says, their financial margins are thinner and structures have to adapt otherwise they won't survive. The same can also be said for law firms if they don't adapt to the reality of their clients.

Bruno Santos de Jesus is Head of Legal and Company Secretary of Banif.

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