

# BANKING SECTOR INNOVATION BRINGING EXTRA REGULATORY RESPONSIBILITIES - SPS ADVOGADOS

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**The role of banks as financial intermediaries for new investment products has grown, while they also face more intervention from regulatory authorities and increased litigation, says Filipa Ruano Pinto, partner at SPS Advogados in Lisbon.**

"Banks are investing in innovation to deal with demands from a new type of millennial client," adds Ruano Pinto. "Millennials are 20 to 40-year-olds who don't go into banks, want to do everything online and only want to use their smartphone," she explains. "This means that Portuguese banks are having to implement innovative systems that provide access for opening new accounts and advice on new products – these new products are then subject to heavy regulation related to consumer protection and IT security – for example, a major challenge will be the EU General Data Protection Regulation that must be implemented in May 2018."

In addition, Ruano Pinto says new fintech companies, client demands and less burdensome regulation in other jurisdictions could put Portuguese banks at a further commercial disadvantage. She argues lighter regulation in other jurisdictions will make them more attractive destinations for potential banking sector investors and consequently, Portuguese banks could lose business to

companies in other jurisdictions . Ruano Pinto says that, in response, Portuguese banks must find new ways to face these challenges from competitors by emphasising what makes them different. "Banking activity is about trust and traditionally, banks have always been seen as trustworthy by clients," she says. "As banking lawyers, our role is directly affected by these challenges – now, it's not only about helping banks sell products and maintain relations with clients, but reinforcing confidence once again in banking institutions."