

EU PAYMENT SERVICES DIRECTIVE WILL OPEN DOORS FOR NEW PLAYERS IN BANKING SECTOR - VDA

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Regulatory changes are opening up opportunities for new players, such as 'challenger' banks and fintechs that will be able to build services on the back of customers' existing accounts

The banking sector is a key generator of work for Portuguese law firms and with the implementation of the European Union Payment Services Directive 2 – which comes into force in 2018 – opportunities will be created for new players in the market, says Vieira de Almeida partner Paula Gomes Freire.

"Banking is always an important area of activity for law firms," she says. "The banking industry has undergone significant change and regulatory changes are opening up opportunities for new players, specifically rivals to the big banks (both smaller 'challenger' banks and fintechs), which will be able to build services on the back of customers' existing accounts."

Gomes Freire adds that banks have been deleveraging and this has also created significant work for law firms, while there has also been an increase in financial sector-related M&A.

Meanwhile, disposals of banking assets, as well as banking regulation, are other key sources of work for lawyers, she says.

Elsewhere, there has been an increase in real estate work, particularly in relation to the tourism sector, according to Gomes Freire. "The economy has improved since the crisis and the market is now a buyers' market," she says. Gomes Freire adds that law firms are now focusing more on profitability.

The legal arms of the 'Big Four' auditing companies are providing increased competition for the traditional law firms in Portugal, according to Gomes Freire.

However, she adds that there are unlikely to be more 'Magic Circle' firms establishing operations in Portugal: "There is insufficient attraction for them," she says.

Gomes Freire says law firms need to invest more in artificial intelligence, in order to provide more cost-effective services. "Lawyers won't disappear [as a result of artificial intelligence], but they will need to be more efficient," she says.