

PORTUGAL BRACED FOR POSSIBLE 'REVOLUTION' IN LEGAL SERVICES MARKET - ABREU ADVOGADOS

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Controversial proposals to permit multi-disciplinary practices would alter market dynamics and put pressure on smaller law firms in particular

The opening of the Portuguese legal market to multi-disciplinary practices (MDPs) could result in an

“overnight revolution” in legal services in the country, according to Duarte de Athayde, managing partner of Abreu Advogados.

“The market has become more competitive as firms look to secure more clients and more matters in order to grow,” de Athayde says. “The market is stabilising somewhat at the present but we are on the verge of major reforms that could increase competition further.” De Athayde is referring to the contentious plan to allow MDPs in Portugal, which would pave the way for non-law firms, including the accountancy “Big Four”, to offer legal services.

“There are concerns about MDPs over issues such as independence but, by opening up the legal market to MDPs, the entire market would revolutionise overnight,” de Athayde adds. “Competitors, such as the Big Four accountancy firms, have strong finances, clients and clout when it comes to recruitment and marketing.”

Unlike in the UK, where non-law firms have been able to own legal practices via a so-called alternative business structure – which was established by the Legal Services Act 2007 – de Athayde expects new market entrants in Portugal to not just focus on bulk, consumer-led work but also target larger commercial mandates.

“Portugal is a much smaller economy than the UK so MDPs may want to – and find it easier to – secure high-end work,” de Athayde says. “I would not expect MDPs to take all the jobs but the change in the market dynamics may put pressure on smaller law firms.” He adds: “These firms will have to consider their business models and how to compete against different entities – I expect that many will find it difficult and we will see consolidation, both with smaller firms merging with each other but also smaller firms potentially joining MDPs.”