

# PORTUGUESE BANKS NEED NEW CAPITAL AND FOREIGN INVESTORS WILL BE KEEN TO PROVIDE IT - ABBC

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## **Concerns that investors could be deterred from investing in the Portuguese banking sector are unfounded - investors are ready to take advantage of opportunities**

Despite concerns in Portugal about how to make the country's banks safe without using public money, Nuno Azevedo Neves, partner at ABBC in Lisbon, says investors are unlikely to be deterred from investing in the banking sector.

"The problem we have is common to most banks – banks need new capital," Azevedo Neves says. "During the bailout, this problem wasn't really solved." Also, as a result of the new EU regulatory regime on bank resolutions – whereby bondholders and deposit holders, not taxpayers, are now liable for banks' losses and may be obliged to "bail in" their investment or deposits – Azevedo Neves says there is ongoing concern about how Portugal can make the banks safe without using public money, yet still attract foreign investment despite the potential risks now involved.

However, Azevedo Neves believes concerns that investors could be deterred from investing in the

Portuguese banking sector are unfounded. He adds that investors will always seek to take advantage of economic and strategic opportunities, and argues that this has been demonstrated by Portugal's proven track record in attracting foreign investors in recent years. "It's worth remembering that the problems apparent in the old system were not created by foreign investment or foreign shareholders," Azevedo Neves says. "We live in an open market, in an open economy, the origin of the capital is immaterial – there is not 'Portuguese capital' or 'foreign capital', there is just 'capital'." As to what the future looks like for investors, Azevedo Neves remains cautiously optimistic. "Portugal is still burdened by restructuring work and the new regulatory framework that was imposed in the last few years, but as long as there are strong regulations in place, I can't see what the problem will be allowing foreign investors to continue bringing their new ideas and experiences and opening new markets," he says. "Ultimately, what everyone wants is for the banks to become solid."