

PORTUGUESE SMES NEED A CHANGE OF MINDSET REGARDING COMPLIANCE - CUATRECASAS, GONÇALVES PEREIRA

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Many small and medium-sized enterprises (SMEs) in Portugal need to bring about a change of mindset in their companies and embrace the concept of being fully compliant, according to Paulo de Sá e Cunha, partner at Cuatrecasas, Gonçalves Pereira.

He says that, unlike large finance sector organisations, SMEs tend to only take action when faced with a problem rather than taking steps to prevent any activities that may be non-compliant.

"All banking and insurance companies have internal compliance departments, but with SMEs, corporate compliance is not in their mindset," Sá e Cunha says. "There needs to be a change of culture."

He adds that SMEs tend to worry about the cost of introducing compliance programmes, without fully appreciating the cost of not having one. "There is still the mentality that you need to look at the cost-benefit," he warns. "But the potential costs of not being complaint are damage to reputation, as well financial costs and legal action."

He adds that the market for corporate compliance advice is much more developed in Spain, partly because it is an issue that is not high on the agenda of smaller Portuguese companies, and partly due to alterations to Spain's criminal code. Consequently, Cuatrecasas has a dedicated team of compliance lawyers. "There were changes to the penal code in Spain and we have people in Spain working exclusively on corporate compliance."

One of the advantages of providing compliance-related services to clients is that lawyers are able to give more certainty on fees, Sá e Cunha argues. "In this field, we have an advantage in that, if clients ask for a fee estimate, the estimate of time is usually accurate," Sá e Cunha explains. "If it goes to a trial and clients ask for a capped fee, it's tricky because you don't know how long you will spend on the case."