

RESPONSIVENESS IS CRUCIAL - ONEY IFIC

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It's important that law firms are available when their clients need them, otherwise they could

end up losing business to competitors, explains Duarte Gomes Pereira

When a client calls for legal advice, it pays to pick up the phone. According to Duarte Gomes Pereira, head of legal and compliance at Portuguese bank Oney IFIC, the availability of lawyers to their clients – as well as certainty on cost – are among the most important considerations when selecting external law firms. “In one case, I changed the law firm we use because we had a bad experience – I wasn’t happy because they increased the cost and took a lot of time to respond,” he says.

Gomes Pereira adds that confidence in the firm, as well as the clarity of the firm’s advice are also important considerations when selecting legal advisers. “Confidence and clearness in their answers is important – I know legal terminology, but after a quick review of, I need to refer the matter to my board so clarity is important,” he says.

The work schedule of Oney IFIC’s legal department is becoming more intense following the introduction of a large number of new regulations affecting the banking sector. Consequently, Gomes Pereira predicts that the legal team will expand in the coming months, while the use of external law firms is also expected to increase.

Anti-money laundering regulations

The in-house legal team at Oney IFIC currently consists of two employees dedicated to the department plus a third one providing support solely in relation to anti-money laundering measures (the Bank of Portugal has introduced new regulations relating to money laundering), according to Gomes Pereira. “There’s lot of work to do implementing the new anti-money laundering regulations,” he says.

The bank’s in-house legal team does a range of work in-house including that relating to banking law, company law, consumer law, insurance law and civil law. However, any work that the in-house team is not able to do, such as court proceedings, is outsourced to external firms. Currently, Oney IFIC outsources all work to the Lisbon-based firm PLEN, according to Gomes Pereira. However, in the past the bank has also used PACC.V, Morais Leitão, Galvão Teles, Soares da Silva & Associados, and F. Castelo Branco & Associados. “I make an assessment of potential external legal advisers based on experience, know-how and reputation, as well as the cost,” Gomes Pereira says.

According to Gomes Pereira, the Oney IFIC legal team is now doing more work because the bank’s obligations are becoming more demanding. “We must adapt contracts and make changes to the way we work to ensure we are more compliant – new government rules mean we have much more work to do.” He adds that the bank has also had to change its products as well as the way it sells them.

Working longer hours

Although, the legal department’s workload has increased, it is not spending more on external lawyers. “The budget hasn’t changed, legal costs are essential costs, but fees are dropping for external firms and we are spending more time in the office,” says Gomes Pereira.

Changes in banking regulations are one of the main concerns of Oney IFIC’s legal team at present. Basel III, a set of reforms designed to strengthen the regulation, supervision and risk management of the banking sector, as well as the Capital Requirements Directive 4, means the greater scrutiny is placed on banks’ balance sheets and asset quality and also subjects them to periodic stress tests. This, in addition to changes in consumer contracts as well as the renegotiation of existing outsourcing contracts, means that Gomes Pereira is looking to boost the legal team’s resources to meet these demands. “I hope and expect to recruit another person in the coming year – I would also expect to transfer more work to external law firms,” he says.

Gomes Pereira expects the legal framework in the banking sector to stabilise in the coming year. “In the last four years, we have had so many new rules and new legislation to fix the economy, but in the coming year I would expect some stability and less new laws, and consequently a stabilisation in

legal work."However, Gomes Pereira adds that he expects the legal department's workload to get bigger in the coming year."There will be more business opportunities, so the role of the legal department, and that of external lawyers, will increase."

Duarte Gomes Pereira is head of legal and compliance at Oney IFIC