

SMALL TECHNOLOGY COMPANIES LEAD THE WAY IN SME COMPLIANCE - FCB SOCIEDADE DE ADVOGADOS

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While compliance is not the top priority for a lot of small and medium-sized enterprises (SMEs) in Portugal, there is one kind of small business that is already ahead of the rest in this area, says João Osório de Castro, partner at FCB Sociedade de Advogados in Lisbon.

“For SMEs working in technological sectors, there are a lot of business models that require compliance programmes, so the level of awareness with regards to compliance is totally different,” Osório de Castro says. “They have real transparency concerns as they know that growth can happen very quickly and they want to keep pace with everything – so much so, that often they are ahead of changing regulations.”

Such a proactive approach is in stark contrast to Portuguese SMEs operating in industries that do not have specific sector demands imposed on them or those not exposed to different jurisdictions. These types of business still have the mindset that compliance is not particularly important, according to Osório de Castro. “They usually come to us only when they have a problem,” he says.

This is made worse by the fact the Portuguese authorities do not have the means to put in the necessary surveillance across all markets as they are "more concerned with chasing down the bigger companies where the bigger scandals might arise", Osório de Castro adds.

In contrast, SMEs working in technological sectors are proud of their reputation and want to show the market they comply with best practice, according to Osório de Castro. "As they often work in sectors that are not specifically regulated by national laws, they make sure they are part of other industry bodies and create their own auto-protection regulations," he says. "They essentially have their own code of ethics."