to their legal advisers – one partner remarks that "substantial shareholder changes in banks mean there is often a reset in the client-lawyer relationship".

Banks cannot ignore the rise of the fintech sector, lawyers say; they also anticipate that companies like Google will have an ever-growing role in the banking sector. Such developments mean that banking lawyers have to become increasingly technologically minded, one partner says. "If you want to add value for clients, you have to have data protection knowledge," says one Lisbon managing partner. SPS Sociedade de Advogados partner Nédia da Fonseca Nunes says: "The investment in technology has played a crucial role in banking development, significantly changing the paradigm in the rendering of these services." However, despite the rise of the fintech sector, lawyers warn that the more traditional banks are not properly addressing this emerging threat at board level.

Portugal: What are the biggest challenges clients in the banking and finance sector currently face?

"If we look at banks operating in Portugal, we can identify two major challenges: (i) from a regulatory standpoint, to continually adapt and adjust internal policies to meet the demands of increasing regulation; and (ii) being able to continue to be active and competitive in the loan markets. As for other types of financial institutions and investors, mostly operating in the restructured assets submarket, the main challenges are associated with having the capability to easily and efficiently buy, structure, workout and dispose of assets." **Nuno Azevedo Neves, partner, DLA Piper ABBC**

"Assuming banks slowly return to traditional activity – which is to lend money to companies and individuals – we believe it is a challenge (both to lenders and borrowers) to properly hedge the lending/borrowing activity and the compliance restrictions, mainly with regard to cross–border financial transactions." **Alexandre Jardim, partner, PBBR**

"Considering that the requirements for banks' credit approval have been more severe, it will be important to obtain financing from alternative sources, notably through more direct lenders." **Madalena Pizarro, senior associate, CCA Ontier**

"Challenges posed by the Portuguese economy have led to a major restructuring not only of almost all of the credit institutions and financial companies, but also of the way they do business. These challenges include the need for these entities to comply with increasingly demanding regulatory rules and requirements, in particular with regard to the capital ratios that must be fulfilled by the banks." **Rafael Teles, lawyer, Caiado Guerreiro**

"The transposition of several directives and the application of EU regulations that will force financial entities to adjust their activity and the way they do business. They include the establishment of a new regulated trading platform called Organised Trading Facility (OTF), rules related to electronic payments, rules on insurance distribution, and regulations concerning packaged retail and insurance-based investment products." **João Espanha, partner, Espanha e Associados**

Real estate refinancing on the increase

The refinancing of real estate assets is increasing due to the fact the associated costs have decreased, says Pablo Rodríguez Abelenda, partner and head of the finance practice Roca Junyent.

"Five years ago, clients needed to refinance because they were running out of money," says Rodriguez. "Now there is a lot of liquidity in the market and the cost of financing has dropped, so the conditions to refinance are extremely good."

Consequently, investors that financed a real-estate asset five or six years ago, for example, when the cost of financing was higher, are now taking the opportunity to review the cost. "They are either selling the assets they had ten years ago and obtaining a profit from the sale, or they are improving their financing conditions by getting a reduction in the cost of the finance," Rodriguez says.

However, while there is still some residential real estate activity within city centres, it is commercial real estate such as shopping centres, offices and hotels that is benefiting from the economic recovery. "Business real estate is generating revenue and attracting the attention of international investors," explains Rodriguez. "Residential assets were designed for a market that is totally different to that which exists now."

Rodrigues attributes the refinancing trend to the increase in consumer purchases. "Over the last 18 months, consumers have been coming back and they are buying," he explains. "This means those investors who took the opportunity to buy a shopping centre during the economic crisis, in the belief that the consumer would return, are now reaping the benefits." As a result, the focus is no longer on new developments but on using refinancing to reinvest in existing assets, says Rodriguez.



Pablo Rodríguez Abelenda