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Banking

Portuguese firm eyes M&A and ESG growth in banking sector

By Karry Lai March 31 2025

VdA's Paula Gomes Freire expects more work as banks grapple with ESG and digitalisation challenges and increasingly seek to consolidate

For Paula Gomes Freire, managing partner at Portuguese law firm VdA, "talent is a law firm's only sustainable source of competitive advantage".

"My primary job is to develop, nurture and grow our people to develop our business," she says.

Gomes Freire is also tasked with combining strategic direction with operational management, steering the firm through an increasingly complex global landscape. She must act simultaneously as strategist, dealmaker and diplomat.

This means balancing the competing demands of clients, partners and talent and the ever-evolving nature of the law itself.

“It is very much like being handed the keys to a race car, and while I’m in the driver’s seat, I’m responsible for every moving part, the entire pit crew and ensuring our car is the one racing ahead,” she says.

Her leadership has earned her recognition as a shortlisted individual for the Women Dealmakers Hall of Fame at the IFLR Europe Awards 2025, which take place on April 4 in London.

Better banks

Since the financial crisis and Covid 19, Gomes Freire observes, the European banking sector’s resilience has become stronger.

This is partly due to supervisory initiatives to restore confidence in banks – a combination of higher capital levels, a reduction of legacy non-performing assets and a review of banks’ internal models.

It is also down to the fact that banks’ profitability has been on the rise in recent years due to an increase in interest rates.

“We are now at a time where banks are finally able to return capital to shareholders on a consistent basis,” she says. “In this environment, banks should be allowed to give a fair return back to their shareholders, thereby also remaining attractive to potential investors.”

As a result, the door to M&A opportunities within the European banking sector has opened and cross-border consolidation is welcomed by regulators.

It’s a trend that is particularly relevant for the Portuguese market in 2025, with the long-awaited sale of Portuguese bank Novo Banco finally expected to occur.

In transition

This environment is also favourable for banks in tackling the challenges around the green and digital transitions which continue to affect their business models. Gomes Freire sees great opportunities in these areas for law firms.

“It seems obvious that failing to adequately manage climate-related and environmental risks will no longer be compatible with sound risk management,” she says.

The Basel Committee for Banking Supervision has taken concrete steps to incorporate such risks into the Basel framework.

“This is why we see opportunities here for the firm as regulation emerges and we expect banks to manage climate-related and environmental risks in the future in the same way as they manage any other material risk today,” she says.

On the digitalisation front, Gomes Freire says that banks have long been on transformational journeys as competitive new players have pushed them to offer a more effective customer experience and to improve their cybersecurity and operational resilience.

AI has amplified the need for speed and poses a wide array of new challenges and risks.

“While there are opportunities for law firms amid this transformational journey, the challenge is to embrace them while preserving incumbency in the traditional banking mandates and assignments space,” says Gomes Freire. “Being a heavily regulated sector, opportunities are always lingering.”

Gomes Freire notes that non-performing loan volumes have been picking up from low levels in certain market segments, especially in banks’ consumer credit and commercial real estate portfolios.

“Law firms can play a role here, assisting with medium-term capital planning for banks and advising on the issuance of the relevant capital instruments,” she says.

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Karry is managing editor of IFLR. She manages the team and is responsible for IFLR's content. She also sits on the editorial judging panels of IFLR's global awards and the Women in Business Law Awards. Before joining the legal media industry, she was project manager at a startup focused on sustainable lifestyle media and events.