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The separation between private banking and commercial banking: a critical analysis

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Master in Management

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BUSINESS
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Resumo

Este estudo analisa como a integração entre a banca privada e a banca comercial pode afetar o mercado português. Avalia se a separação entre estas duas áreas pode aumentar a imparcialidade, a especialização e a confiança do cliente. A investigação usa números e palavras. Para isso, usou um questionário para os trabalhadores do banco e conversas com os gerentes de banca privada. Foram definidas seis hipóteses sobre temas como conflitos de interesse, personalização do serviço, confiança do cliente, estabilidade das relações, desafios da digitalização e influência da experiência profissional.

Os resultados mostram que há uma grande semelhança entre as duas fontes de dados. A maioria das pessoas acha que o modelo integrado causa problemas e não deixa os gestores fazerem o que querem. Já a separação institucional é vista como algo que dá mais independência e ajuda com conselhos especializados. As hipóteses sobre personalização, confiança e conflitos de interesse foram muito confirmadas, enquanto as associadas à digitalização e às relações a longo prazo tiveram resultados parciais, dependentes do grau de coordenação entre áreas e do nível de tecnologia das instituições.

Vimos que uma organização mais independente pode gerir melhor o património, de forma mais ética e transparente, e mais focada no cliente, sem perder a eficiência e a criatividade que caracterizam os bancos comerciais.

Palavras-Chave: banca privada, banca comercial, conflitos de interesse, personalização, confiança, separação organizacional

JEL: G21, G34

Abstract

This study analyses how the integration between private banking and commercial banking can affect the Portuguese market. It assesses whether the separation between these two areas can increase impartiality, specialisation and customer confidence. The research uses numbers and words. To this end, it used a questionnaire for bank employees and conversations with private banking managers. Six hypotheses were defined on topics such as conflicts of interest, service personalisation, customer trust, relationship stability, digitisation challenges and the influence of professional experience.

The results show that there is a strong similarity between the two data sources. Most people believe that the integrated model causes problems and prevents managers from doing what they want. Institutional separation, on the other hand, is seen as something that gives more independence and helps with specialised advice. The hypotheses on personalisation, trust and conflicts of interest were largely confirmed, while those associated with digitisation and long-term relationships had partial results, depending on the degree of coordination between areas and the level of technology of the institutions.

We have seen that a more independent organisation can manage assets better, in a more ethical and transparent manner, and with a greater focus on the customer, without losing the efficiency and creativity that characterise commercial banks.

Keywords: commercial banking, private banking, conflict of interests, personalisation, trust, organisational split

JEL: G21, G34

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Glossary

HNWIs – high-net-worth individuals

NHR – Non-Habitual Resident

IFM – International Monetary Fund

AML – Anti-Money-Laundering

GDPR – General Data Protection Regulation

SMEs – Small and Medium-sized Enterprises

KYC – Know Your Customer

SFDR – Sustainable Finance Disclosures Regulation

1. Introduction

In recent years, Portugal's banking sector has undergone profound structural changes, driven by factors such as digitalisation, increasingly sophisticated regulation, intensified international competition, and shifts in the profiles of high-net-worth clients. These changes are particularly relevant in the field of private banking, which targets high-net-worth individuals (HNWIs) and requires a high degree of personalisation, confidentiality and independence when providing financial services.

Portugal has established itself as an attractive destination for this type of client, especially in the last decade. Political and economic stability, combined with differentiated tax regimes such as the Non-Habitual Resident Regime (NHR), have encouraged new investors and HNWIs to relocate to the country.

Additionally, the growing number of resident millionaires and the concentration of wealth in real estate and financial assets have generated unparalleled opportunities for banking institutions, which must respond to an array of increasingly complex needs ranging from portfolio management to succession and tax planning.

However, a highly relevant structural question remains open: should private banking remain integrated into the commercial structure of banks, benefiting from operational synergies and proximity to other services, or should it be set up as an autonomous unit, with a greater degree of specialisation and independence? This dichotomy is at the heart of academic and professional debate, reflecting concerns not only about organisational efficiency, but also about service quality, customer trust and the mitigation of potential conflicts of interest.

1.1. Definition of the research problem

In Portugal, the integration of private banking into commercial banking has been the dominant practice. This model aims to exploit proximity between different segments, enhance the cross-selling of products, and optimise structural costs. However, many professionals in the sector identify significant limitations to this model. The most relevant of these are the loss of autonomy for client managers, the pressure to market products that align with institutional objectives at the expense of client needs, and the difficulty of ensuring the effective personalisation of services.

Conversely, the structural separation of private banking emerges as an alternative with potential advantages. Creating an autonomous unit would allow for greater independence in recommendations, reinforce the perception of impartiality among clients and enable a stronger focus on personalisation and innovation in financial solutions. However, this model is not

without its challenges: it may entail higher operating costs, loss of synergies with other areas of the bank and possible fragmentation of the service perceived by clients.

Thus, the central research question of this dissertation is as follows: ‘Should private banking in Portugal remain integrated into commercial banking, or should it be established as an autonomous unit?’

1.2. Relevance of the study

The relevance of this study lies in three main areas:

- Academic relevance: existing literature often analyses private banking from the perspectives of customer experience or institutional strategies, but tends to neglect the perspective of professionals working in the field. Understanding how these professionals perceive organisational models can enrich the academic debate and deepen reflection on organisational structures within specialised financial services.
- Practical relevance: the research results can provide Portuguese financial institutions with an empirical basis for making strategic decisions regarding the configuration of their private banking models. This is particularly relevant in a context of increasing customer demands and the need for competitive differentiation.
- Social and economic relevance. In a country where wealth is becoming increasingly concentrated and private banking plays a central role in mobilising capital for investment, innovation and sustainability, it is important to ensure that the organisational structure of the sector promotes trust and transparency, and aligns with clients' long-term interests.

1.3. Research questions

The following specific research questions are derived from the central question:

- To what extent does the integration of private banking into commercial banking limit the personalisation of the service?
- What impact does this integration have on the perception of conflicts of interest by managers and clients?
- How could organisational autonomy in private banking strengthen trust and loyalty among high-net-worth clients?
- What are the implications of digitalisation and technological innovation for the choice between integration and autonomy?

- What lessons can be learned from international practices, particularly in markets where private banking operates independently?

1.4. Research objectives

The dissertation pursues the following objectives:

1.4.1. General objective:

To assess how organisational structure (integration versus autonomy) influences the quality, independence, and effectiveness of private banking services in Portugal.

1.4.2. Specific objectives:

- To identify private banking professionals' perceptions of service personalisation in the current model.
- Analyse potential conflicts of interest arising from integration into commercial banking.
- Assess the impact of organisational structure on customer trust and satisfaction.
- Explore the role of digitalisation and innovation in redesigning private banking organisational models.
- To compare the Portuguese experience with international models and identify good practices applicable to the national context.

1.5. Dissertation structure

The remaining of this dissertation is organised as follows:

- Chapter 2: Literature Review and Framework – Presents the fundamental concepts of private and commercial banking, highlighting the main structural differences and the importance of regulation and compliance in the financial sector.
- Chapter 3: Methodology - Describes the methodological approach adopted, which is based on a combination of a structured questionnaire for private banking managers and semi-structured interviews with sector professionals. It also presents the conceptual model and hypotheses based on the literature and empirical data.
- Chapter 4: Analysis and Discussion of Results - Integrates quantitative and qualitative analysis to allow cross-referencing of perceptions captured by the questionnaire and interviews, focusing on the impact of organisational structure.

- Chapter 5: Conclusion - Summarises the results, reflects on the study's contribution to academia and practice, identifies limitations, and suggests avenues for future research.

2. Literature Review and Framework

2.1. Portugal as a Private banking attraction

Portugal has become an increasingly attractive destination for HNWIs seeking specialised private banking services. The country's resilient economy and tax incentives, such as the NHR regime, have driven this growth (Araujo et al., 2022; IMF, 2023;). The International Monetary Fund (IMF) has further emphasised Portugal's economic stability in 2023, thereby reinforcing its appeal to private investors and thereby concomitantly strengthening its private banking sector (IMF, 2023).

The rise in household wealth, propelled by mounting real estate values and decreasing financial obligations, has further bolstered this trajectory (Pinheiro, 2024). The expansion of capital markets and the development of financial instruments have also created new opportunities for private banking investors, promoting structured products and customised wealth management solutions (UBS, 2023).

The country's political stability, high quality of life, and safety are key factors attracting foreign investors (World Bank, n.d.). Portugal has established itself as an increasingly attractive destination for private banking clients, driven by a combination of economic stability, a favourable regulatory environment and sustained growth in individual wealth. In 2024, the country witnessed an increase of 3,200 new millionaires, with the total number of individuals possessing a net worth in excess of one million dollars reaching approximately 175,000 – representing a growth of 1.9%, which exceeds the global average of 1.2% (ECO, 2025).

This considerable increase in the number of HNWIs has been accompanied by a growing sophistication in financial needs, from portfolio management to international tax and succession planning. The concentration of wealth, evident in an average wealth of over 2 million euros per millionaire and a Gini coefficient of 0.61, underscores the potential of this segment for highly personalised private banking services (Borger, 2025).

Moreover, the composition of Portuguese millionaires' assets, with 74.5% in real estate and 36.5% in financial assets, highlights a strategic opportunity for private banks to promote greater diversification of investments, especially through international solutions and access to global markets (Borger, 2025).

According to Borger (2025), this trend is not an isolated phenomenon. A global growth of 5.34 million new millionaires is expected by 2029, which positions Portugal as a competitive hub for attracting HNWIs looking for stability. It is evident that the convergence of the aforementioned factors has contributed to Portugal's ongoing consolidation of its reputation as

a leading destination for millionaire private banking. This reputation has attracted an increasing number of investors who are interested in a secure, well-regulated and favourable environment for managing substantial wealth (OECD, 2023).

2.2. Private Banking Concept

Private banking constitutes a specialised financial service that is tailored for HNWIs, intending to offer bespoke wealth management solutions. The services offered by private banks include investment advisory, asset management, estate planning, tax optimisation, and personalised financial strategies (Azad et al., 2023).

A distinguishing feature of private banking is the allocation of a dedicated relationship manager to each client, tasked with the provision of customised financial solutions. These managers engage closely with clients to ascertain their investment preferences, risk tolerance, and long-term financial goals. Furthermore, private banking clients gain access to exclusive investment opportunities, including private equity, hedge funds, and alternative assets, which are typically not available to retail banking customers (Bain & Company, 2023). Private banking institutions also offer credit and lending services that are tailored to affluent clients. These financial solutions include structured lending, real estate financing and margin lending. Goldman Sachs (n.d.) asserts that these financial solutions are designed to optimise liquidity management while preserving wealth.

Digital transformation has had a profound impact on the contemporary private banking sector. Financial institutions have adopted fintech solutions, artificial intelligence-driven insights, and big data analytics to enhance portfolio management and facilitate predictive financial strategies. This transition towards digital wealth management has led to improvements in the efficiency, transparency, and personalisation of services provided to HNWIs (Challa, 2023).

A further critical component of private banking pertains to the domain of tax planning. Clients frequently seek expert counsel on matters pertaining to international tax regulations, inheritance planning, and the legal structuring of assets. The objective of this guidance is to minimise tax liabilities and ensure financial security for future generations. In this regard, many private banks engage in collaborative partnerships with legal and tax advisors to develop bespoke, tax-efficient strategies (PwC, 2023).

Wealth preservation and intergenerational wealth transfer are fundamental pillars of private banking. Banking institutions provide succession planning services, trust structures, and

philanthropic advice to assist clients in efficiently passing down their wealth while maintaining tax efficiency and asset protection (UBS, 2023).

Moreover, the role of technology in private banking has undergone substantial expansion, with the emergence of robo-advisors and AI-driven financial modelling tools. These innovations facilitate automated portfolio rebalancing, predictive risk assessment, and real-time investment insights, thereby providing HNWIs with enhanced financial decision-making tools (JP Morgan, 2023).

With ongoing evolution, the future of private banking is characterised by an increasing demand for sustainable and ESG-compliant investment solutions. High-net-worth clients are demonstrating a growing prioritisation of ethical investments, social responsibility, and environmentally sustainable financial practices. In response to this shift, private banks are integrating ESG investment portfolios and impact investing strategies into their service offerings (Morgan Stanley, 2023).

The role of private banking in global wealth mobility is of crucial significance (Caldecott et al, 2017). In response to the increasing international mobility of HNWIs, private banks are adapting their services to offer cross-border wealth management solutions, multi-jurisdictional tax advisory, and residency or citizenship-by-investment programs (Henley & Partners, 2023).

In essence, private banking continues to represent a pivotal component within the broader financial services sector. It is designed to address the sophisticated requirements of HNWIs, offering customised financial solutions that extend beyond the scope of conventional banking services (Jennings et al, 2010).

2.3. Commercial Banking Concept

Commercial banking constitutes a category of financial services designed to support businesses, ranging from small and medium-sized enterprises (SMEs) to large corporations. The core functions of commercial banking include the provision of business loans, credit lines, deposit services, cash management, and trade finance. These services provide essential support for companies to manage their working capital, fund expansion, and mitigate financial risks (Niepmann et al, 2013).

In recent years, the domain of commercial banking has witnessed a significant transformation, transcending the conventional boundaries of traditional banking operations. The beginning of financial technology has precipitated a paradigm shift in the landscape, enabling commercial banks to offer a suite of digital solutions. These innovations encompass real-time payment processing, automated treasury management, and enhanced data analytics

for corporate clients. These advancements have been proven to enhance operational efficiency, thereby empowering businesses to optimise liquidity management and streamline financial transactions (Chawla et al., 2023; Fernandez et al., 2023).

In addition to their traditional lending activities, commercial banks have evolved to become strategic financial partners for businesses, offering a range of services such as risk assessment, international trade finance, and mergers and acquisitions. Just like it did for private banking, the increasing globalisation of markets has led to an increased demand for cross-border financial solutions, compelling commercial banks to offer integrated services that support multinational operations. Consequently, many banks now provide tailored advisory services to help businesses navigate complex financial regulations and economic fluctuations (OECD, 2023).

Trade finance represents a pivotal function of commercial banks. Businesses engaged in international trade depend on banks for letters of credit, export financing, and currency hedging solutions (World Trade Organization, 2024).

The function of commercial banks extends beyond the provision of financial services such as lending and financing. Access to credit, digital banking services, and financial literacy programmes have become integral to helping small businesses grow and sustain operations. In addition, Commercial banks contribute to financial inclusion by supporting SMEs, which play a crucial role in economic development (World Bank, n.d.). Many banks have developed specialised SME banking divisions that offer tailored credit products, microfinance initiatives, and advisory support to entrepreneurs.

The expansion of sustainable finance has prompted commercial banks to incorporate Environmental, Social, and Governance (ESG) principles into their service offerings. The prevalence of sustainable lending practices, green financing initiatives, and impact investment programmes has led to an alignment of corporate banking with responsible and ethical financial strategies. A significant development in this regard is the prioritisation of financing for enterprises engaged in renewable energy, social entrepreneurship, and carbon-neutral projects, thereby contributing to global sustainability goals (Morgan Stanley, 2023).

In the domain of commercial banking, risk management stands as an indispensable component. Financial institutions offer their corporate clientele a range of sophisticated financial instruments, including derivatives, interest rate swaps, and insurance solutions with the purpose of mitigating the financial volatility experienced by businesses. This necessity has become particularly pronounced in an era characterised by economic uncertainty and market

fluctuations, conditions in which businesses seek to protect their assets and stabilise cash flows (JP Morgan, 2023).

The regulatory environment in commercial banking has evolved, with banks now required to adhere to stricter capital adequacy requirements, anti-money laundering (AML) protocols, and Know Your Customer (KYC) compliance. The regulatory apparatus, comprising entities such as the Basel Committee on Banking Supervision and national financial authorities, assumes a pivotal role in the oversight of risk management practices, the assurance of financial stability, and the prevention of systemic risks within the banking sector (Basel Committee, 2023; European Central Bank, 2023).

In the forthcoming period, it is anticipated that the field of commercial banking will undergo significant transformations in response to technological advancements and evolving client demands. The integration of artificial intelligence, machine learning, and digital banking ecosystems is poised to enhance the efficiency, personalisation, and security of corporate banking services, what makes it imperative for commercial banks to adapt to new financial models and regulatory frameworks to maintain competitiveness (IMF, 2023; Basel Committee, 2023).

2.4. Key differences

There are significant differences between private banking and commercial banking in terms of customer focus, service offering, operating models, organisational culture, approach to risk, use of technology, and long-term strategic objectives. While both play essential roles in the financial ecosystem, their structures, revenue models and regulatory frameworks clearly distinguish between the two segments (Horn & Rudolf, 2011).

Private banking caters to HNWIs and UHNWIs, providing personalised, confidential financial management services often involving dedicated managers and multidisciplinary teams. The focus is on preserving and optimising intergenerational wealth through personalised investment strategies, tax planning, succession planning, and estate planning. The relationship is strongly based on trust, continuity and discretion, reflecting an approach that is long-term and advisory. Exclusivity is also evident in the provision of private investment products such as hedge funds, private equity, income-generating real estate, and structured solutions (Crawford, 2017).

In contrast, commercial banking serves a much broader and more heterogeneous customer base, including individuals, SMEs, and large corporations. Its services are predominantly transactional and standardised, focusing on credit products, deposits, payments and working

capital financing. The main objective is to ensure liquidity and financing for the real economy, thereby fostering consumption and business investment. This relationship is functional and short-term, being mediated by efficiency and scale targets (Chawla et al., 2023; OECD, 2023).

From a profitability model perspective, private banks primarily derive their revenues from wealth management and advisory fees, as well as commissions on investment products (JP Morgan and UBS, 2023). This model is more stable and predictable because it depends on the value of assets under management rather than lending. Additionally, private banking seeks risk-adjusted returns, prioritising consistency and capital preservation over time.

Commercial banking, on the other hand, bases its profits on interest margins generated by loans, commissions for transactional services and processing and payment fees (IMF, 2023; Azad et al, 2023). This model is highly sensitive to interest rates, economic cycles and monetary policies, reflecting the interdependence between economic growth and credit. The dominant logic is one of volume and efficiency, with profitability being achieved through the mass production and automation of operations.

At an organisational level, private banks tend to have smaller, flatter structures with relationship teams that provide personalised support to each client. Employees tend to be highly specialised, receiving training in areas such as investment management, international taxation, and succession planning. Commercial banks, in contrast, are organised into functional and hierarchical departments with large customer service teams, productivity targets, and highly standardised processes.

In terms of its culture and approach to risk, private banking is essentially conservative, favouring capital protection, diversification, active management and adaptation to individual risk profiles. Commercial banking, on the other hand, deals with large-scale credit and liquidity risk by offsetting it with guarantees and collateral. While private banking manages existing wealth, commercial banking manages the creation and circulation of credit, which implies different types of risk.

Regulation is another differentiating factor. Due to the nature and size of the assets they manage, private banks operate under more complex supervisory regimes, with an emphasis on tax compliance, anti-money laundering and fiduciary asset management. The framework also regulates offshore operations and cross-border custody.

Although commercial banks are equally regulated, they are subject to more stringent prudential capital and liquidity requirements under the Basel Accords, as well as supervision of capital adequacy and operational risk. These mechanisms help to ensure the stability and

resilience of the financial system during periods of economic recession (Basel Committee, 2023; Morgan Stanley, 2023).

Both sectors have adopted technological innovations for different purposes. For example, private banking has adopted digital wealth management platforms, asset allocation algorithms, and automated advice to enable personalisation and real-time monitoring (KPMG, 2023). Digitisation serves to expand analytical capacity and enhance the quality of advice without replacing the personal relationship with customers.

Commercial banking, on the other hand, has prioritised operational automation, open banking, and partnerships with fintech companies, implementing solutions such as blockchain technology, AI-powered credit scoring, and instant transaction processing (World Bank, n.d.). These innovations have increased efficiency, reduced costs, and expanded access to credit, particularly for SMEs.

Strategically, private banking is expected to continue to stand out through its integration of ESG criteria and promotion of sustainable and impact investments, reflecting the growing ethical, environmental and social concerns of customers (PwC, 2023; World Trade Organisation, 2024).

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In turn, commercial banking is expected to accelerate the adoption of digital technologies and the integration of AI and big data to improve risk analysis, fraud detection and product personalisation (Basel Committee, 2015; IMF, 2023).

Despite sharing common financial fundamentals, the two segments diverge in essence: private banking is characterised by exclusivity, confidentiality and a long-term outlook, whereas commercial banking prioritises scale, accessibility and transactional volume. The former represents the strategic level of wealth management, and the latter constitutes the functional infrastructure of the modern economy. It is essential for investors, regulators and

institutions to understand these distinctions in order to align policies, products and strategies with the specific needs of each segment.

2.5. Regulation and Compliance

In Portugal, the regulatory and compliance framework governing both commercial and retail banking is primarily enforced by the Bank of Portugal (BdP) and the Portuguese Securities Market Commission (CMVM). These institutions ensure that financial entities adhere to KYC protocols, AML measures, and data protection regulations under the General Data Protection Regulation (GDPR). These compliance frameworks mandate that banking institutions undertake customer identity verification, assess transaction risks, and monitor any suspicious activities, thereby reinforcing transparency and security across the banking sector (Carvalho & Formigal, 2023; Putnis, 2024)

The Legal Framework of Credit Institutions and Financial Companies stipulate comprehensive compliance measures across the domains of retail and commercial banking. These measures include the implementation of rigorous customer due diligence (CDD) processes, risk-based transaction monitoring, and strict internal controls. The overarching objective of these measures is to combat illicit financial activities such as fraud, money laundering, and terrorism financing. Moreover, financial institutions are obligated to adhere to comprehensive reporting and record-keeping requirements, aligning their operations with both national and EU-wide financial regulations to promote accountability and integrity (Carvalho & Formigal, 2023; Putnis, 2024).

Portugal's banking regulations are aligned with broader European and global financial regulatory frameworks, ensuring institutions operate within internationally recognised best practices (European Banking Authority, 2024). The Basel III Accord mandates capital adequacy, stress testing, and risk management to enhance financial stability (Basel Committee, 2023), while the Markets in Financial Instruments Directive II (MiFID II) promotes transparency and fairness in financial markets, protecting investors and improving trade execution standards (European Commission, 2023). The EU AML Directive has been instrumental in strengthening AML measures by imposing stricter due diligence obligations and harsher penalties for non-compliance (European Banking Authority, 2023). Additionally, the GDPR has mandated the implementation of robust data security policies by banking institutions, with the aim of safeguarding client information and preventing unauthorised access (European Commission, n.d.). The implementation of these regulatory frameworks is instrumental in ensuring the resilience, transparency, and alignment of Portugal's financial

system with international banking standards. This, in turn, serves to reinforce customer trust and market stability.

Recent regulatory updates in Portugal have introduced new standards related to ESG considerations and digital finance, reflecting the country's alignment with broader European financial reforms under the European Green Deal and Digital Finance Strategy (Putnis, 2024).The Sustainable Finance Disclosures Regulation (SFDR) compels financial institutions to disclose how ESG factors influence investment decisions, fostering responsible and ethical financial practices. The Digital Operational Resilience Act (DORA) establishes cybersecurity guidelines to safeguard the financial sector against cyber threats and operational disruptions (KPMG, 2023). The Markets in Crypto-Assets Regulation (MiCA) introduces compliance standards for cryptocurrency exchanges, stablecoins, and digital asset service providers, ensuring transparency and investor protection in the expanding digital finance market (European Commission, 2023). Furthermore, the Open Banking and PSD2 Regulation enhances consumer access to financial services by requiring banks to grant secure third-party access to financial data via API technology, thus increasing competition and innovation in the banking sector. These regulatory updates signify a shift towards a more resilient, transparent, and technologically advanced financial ecosystem, ensuring that banks operate with a heightened focus on sustainability, security, and consumer protection.

Despite the advances witnessed in the field, financial institutions in Portugal continue to encounter considerable challenges in their efforts to comply with the evolving regulatory landscape. The increasing costs associated with compliance necessitate ongoing investment in regulatory technologies (RegTech) and specialised compliance personnel to meet the increasingly stringent reporting and monitoring requirements (Azad et al, 2023). The growing threat of cyberattacks necessitates the maintenance of adaptive regulatory frameworks, which are required to counteract sophisticated fraud techniques and data privacy risks (JP Morgan, 2023). Moreover, the tension between financial innovation and regulatory compliance persists, as intricate regulatory standards can impede the adoption of fintech solutions, blockchain technology, and decentralised finance (DeFi) (IMF, 2023).

In the forthcoming period, it is anticipated that the regulatory environment in Portugal will undergo further development, characterised by an increased reliance on automated compliance processes driven by artificial intelligence, the refinement of algorithms designed to enhance financial crime detection, and the promotion of cross-border collaboration in the fight against money laundering and illicit financial flows (Basel Committee, 2023). Anticipated future advancements in this field are expected to emphasise digital resilience, with a focus on the

reinforcement of cybersecurity policies and the integration of machine learning tools to enhance risk management capabilities.

The importance of regulatory compliance in maintaining stability, transparency and security within the financial system of Portugal is well-documented. This applies to both the private and commercial banking sectors. In the context of evolving financial regulations, it is essential for banks to proactively integrate regulatory technologies (RegTech) and sustainable finance practices. This will ensure not only compliance but also competitiveness in an increasingly complex global financial environment.

3. Study Context and Methodology

Private banking is playing an increasingly important role in the financial sector, particularly in Portugal, where growth in savings and the sophistication of investment products require personalised responses tailored to clients' individual needs. Traditionally associated with managing the assets of high-net-worth clients, private banking differs from commercial banking in several ways, including the exclusivity of the service, the confidentiality of the relationships established, and the complexity of the financial instruments available. However, how banking institutions structure this service is the subject of academic and practical debate. Should private banking remain integrated into the commercial banking structure, benefiting from proximity to other financial services? Or should it operate as an autonomous unit with greater specialisation and organisational independence? This question affects not only the internal functioning of institutions, but also how customers perceive the quality, reliability and added value of the service provided.

This research is relevant due to the importance of understanding how professionals directly involved in private banking perceive the most appropriate organisational model. While academic literature and market analyses present arguments in favour of both integration and autonomy, it is important to understand the views of those who face concrete challenges related to portfolio management, customer prospecting and coordination with different support departments on a daily basis. Focusing on private banking managers in Portugal, this study aims to identify the most efficient structural model that aligns with the sector's current and future needs. The opinions of these professionals offer a realistic perspective on the advantages, limitations and opportunities associated with each model, contributing to both the academic debate and the development of organisational policies within the banking sector.

The central question guiding the research is clear: 'Should private banking in Portugal remain integrated into commercial banking, or should it be established as an autonomous, independent unit?' This question gives rise to different perspectives reflecting the experiences and practical vision of managers. Some professionals argue that integrating private banking into the commercial banking structure promotes complementary services and cost efficiency and facilitates the acquisition of customers who naturally transition between different financial products. Conversely, others believe that organisational autonomy would enable private banking to specialise more deeply, focus more intensely on personalised relationships and innovate more effectively in designing solutions tailored to the specific needs of high-net-worth clients. While these perspectives are not mutually exclusive, they imply different strategic

choices that influence institutions' positioning in the market and shape their future relationships with sophisticated and demanding clients.

This research study aims to contribute to two complementary areas. From an academic perspective, the research provides an up-to-date overview of the views of private banking professionals in Portugal, facilitating a more in-depth discussion about the most suitable organisational structure for the sector. The study adds value to existing literature by focusing on managers' perspectives, an area often overlooked in analyses that tend to consider only customers' views or banks' institutional strategies. From a practical point of view, the results can guide the management of institutions in defining more appropriate organisational models and aligning internal strategies with the expectations of the professionals responsible for providing the service. Understanding these professionals' perceptions is particularly important for developing policies that promote service quality, customer satisfaction and operational efficiency.

This study aims to provide a solid empirical basis for strategic decision-making on organisational structure by systematising and analysing the perceptions of private banking managers. Gaining a deeper understanding of professionals' opinions will enable us to identify the most efficient models, as well as the challenges and opportunities associated with implementing each approach. By focusing on the practical experience of those at the forefront of private banking services, the research will contribute to a more realistic and informed debate capable of guiding policies and strategies that promote institutional sustainability, customer satisfaction, and loyalty.

3.1. Research Strategy

With the primary objective of the study being to assess how organisational structure (integration versus autonomy) influences the quality, independence and effectiveness of private banking services in Portugal, a mixed-methods research approach was adopted, combining a descriptive and explanatory design. As this is a cross-sectional study, it allows us to capture the perceptions of professionals at a specific point in time, providing a snapshot of current practices and prevailing opinions in the sector.

Quantitative data was collected using a structured questionnaire consisting of 25 closed-ended questions organized into six thematic areas: (1) professional profile, (2) service quality and personalization, (3) conflicts of interest, (4) relationship and operational efficiency, (5) digitization and strategy, and (6) overall assessment. This structure enabled us not only to

characterise the sample but also to identify recurring trends, patterns, and similar insights among private banking professionals.

To complement the quantitative analysis and gain a deeper understanding of professionals' opinions and experiences, two semi-structured interviews were conducted with private banking managers. These interviews enabled detailed exploration of topics such as autonomy, personalised service, conflicts of interest and customer perception, offering qualitative insights that reinforce and contextualise the results obtained through the questionnaire.

Combining these methods — a structured questionnaire and semi-structured interviews — aims to ensure a comprehensive and rigorous analysis that can integrate numerical data with qualitative perceptions, thereby increasing the robustness and credibility of the study's conclusions.

3.2. Conceptual Model

This dissertation proposes a conceptual model that aims to systematically analyse the impact of organisational structure — specifically, the integration or separation of private banking from commercial banking — on the quality, independence and operational effectiveness of private banking services in Portugal. This analysis is based on theoretical assumptions from literature on organisational design and customer-centric financial services (Lee et al, 2018), and is complemented by empirical observations from international markets, in which private banking often operates as a specialised, autonomous business unit. The framework enables us to evaluate the extent to which the institutional structure influences observable outcomes in service delivery and customer perception.

In the conceptual model, the independent variable corresponds to the organisational structure of private banking, i.e. whether it operates as part of commercial banking or as a separate, autonomous unit. It is assumed that this structural choice directly influences several dependent variables considered critical to service effectiveness.

This study considers four dependent variables:

- The first is perceived service quality, which refers to customers' perception of the sophistication, reliability, consistency and added value of the financial solutions offered. This dimension is fundamental to maintaining trust-based relationships and achieving competitive differentiation in the private banking sector.
- The second is perceived independence in financial advice, assessing the extent to which customers believe their advisor acts impartially and exclusively in their best interests, free from internal commercial objectives or institutional incentives.

- The third variable is the alignment of client and institutional interests, evaluating the extent to which products, services and incentives offered by the institution consistently respond to the needs of high-net-worth clients, ensuring a client-centric offering.
- Finally, operational efficiency is defined as the institution's ability to provide customised solutions quickly and flexibly, without unnecessary procedural constraints, thereby promoting a smooth and satisfying customer experience.

In addition to these variables, the conceptual model incorporates two moderating variables that have the potential to influence the intensity or nature of the observed relationships.

- Managerial experience: It is assumed that managers with greater experience are better able to anticipate and mitigate institutional conflicts (Gaba, 2023), as well as navigate any inefficiencies arising from the organisational structure. This ensures higher-quality advice and management of customer relationships.
- The nature of the institution (national or international): It is considered that international institutions, with a global dimension, may have more sophisticated governance models and segregated business lines (Basel Committee on Banking Supervision, 2015). This contributes to reducing the negative effects of integration and reinforcing the autonomy of private banking.

This conceptual framework enables the formulation of clearly structured research hypotheses and the systematic analysis of qualitative data collected from experienced professionals. This approach provides an integrated understanding of how organisational structure influences autonomy, specialisation, customer trust and operational efficiency in Portuguese private banking.

3.3. Target Population and Sampling

This research study focuses on professionals working in the private banking sector in Portugal who have experience with integration or separation models in commercial banking. A non-probabilistic sampling method employing convenience and snowball techniques was used to select participants, with the aim of identifying professionals with the relevant experience and knowledge for the study.

The sample comprises 40 participants who responded to a structured questionnaire, as well as two professionals who were interviewed individually to provide detailed qualitative insights to complement the quantitative data. While the sample is not statistically representative of the entire sector, it provides valuable insights from experienced professionals, allowing an in-depth

analysis of prevailing perceptions and practices within Portuguese private banking. This approach thus enables relevant guidelines to be drawn about the ideal organisational structure for the sector without making generalisations about the industry as a whole.

3.4. Data Analysis Procedures

The qualitative data obtained from the interviews will undergo thematic analysis to identify patterns, concepts and recurring ideas in the responses of private banking professionals. This systematic coding process allows for similar information to be organised and grouped into thematic categories reflecting the study's main dimensions, such as autonomy, personalised service, conflicts of interest, innovation, and customer perception.

Thematic analysis provides an in-depth understanding of professionals' experiences, perceptions, and opinions, offering insights that go beyond statistics and reveal nuances and details that would be missed by quantitative methods. This qualitative approach enables us to identify areas of consensus and divergence, offering specific insights into the sector's real practices and challenges and providing a richer, more contextualised view of private banking in Portugal.

Ultimately, this qualitative approach aims to produce robust, well-founded conclusions that accurately reflect professionals' perceptions, enabling us to understand not only their views on the separation or integration of private banking but also the underlying factors influencing these perceptions and decisions.

3.5. Research Hypotheses

Based on a review of the existing literature and the proposed conceptual model, the following hypotheses were formulated for testing. These hypotheses serve as a guide for analysing the qualitative data collected.

- H1: There is a high risk of conflicts of interest when private banking is integrated into commercial banking structures. This hypothesis reflects the concern that the institution's commercial objectives may influence recommendations and decisions made by managers, thereby compromising the impartiality and personalisation of the service provided.
- H2: The separation between private and commercial banking is associated with higher levels of perceived personalisation of service. It is believed that an autonomous model would enable more specific and differentiated financial solutions to be tailored to individual customer needs.

- H3: Organisational separation strengthens customer confidence and the perception of independence in service delivery. This hypothesis is based on the premise that structural autonomy reduces the influence of commercial objectives on advisory decisions, thereby conveying greater security and credibility to customers.
- H4: Institutions offering private banking services through a dedicated division are seen as better able to foster stable, long-term customer relationships. The idea is that continuity in the relationship with the manager, free from the influence of short-term commercial goals, fosters the loyalty and satisfaction of high-net-worth customers.
- H5: The challenges associated with digitisation and innovation are more easily managed in institutions where private and commercial banking operate separately. It is hypothesised that autonomy allows for greater flexibility in adopting new technologies and implementing innovative solutions while maintaining personalisation and proximity in customer service.
- H6: It is hypothesised that the professional experience of managers influences their perception of the ideal organisational model for private banking in Portugal. More experienced professionals may have a more critical and informed view of the advantages and disadvantages of integrated or autonomous models, whereas newer professionals may focus more on the operational and practical aspects of day-to-day activities.

These hypotheses structure the study and provide a basis for comparing qualitative data with theoretical perceptions previously identified in the literature. The aim is to assess systematically how professionals experience and interpret the integration or separation of private banking, and to identify factors that may influence the adoption of more effective, customer-centric organisational models.

4. Analysis of the Results

This chapter presents and discusses the main results of the research, providing a comprehensive interpretation in light of the previously established objectives and theoretical framework. The analysis is divided into thematic sections corresponding to the key dimensions explored during the empirical stage. Each subsection connects the collected evidence with the research questions, highlighting emerging patterns and differences in perspective, as well as the implications for the central hypothesis of the study.

4.1. Sociodemographic Characterisation of the Sample

The present section begins with a detailed examination of the quantitative and qualitative findings, followed by a discussion of their relevance to the banking sector and the wider financial context.

While not very large in absolute terms, the selected group is diverse in terms of gender, age, and academic qualifications. This diversity enriches the interpretation of the data and lends greater robustness to the conclusions that can be drawn. In terms of gender, 67.5% of respondents identified as male and 32.5% as female. The absence of responses to the 'Prefer not to say' option suggests a high level of transparency among participants, indicating their willingness to share personal information, even on potentially sensitive topics. While the female presence is significant, this distribution shows that the profession continues to be predominantly performed by men. This reflects historical trends observed in the banking sector, where positions of greater responsibility and specialisation, such as private banking, have traditionally been occupied by men. Nevertheless, the fact that nearly a third of participants are women suggests a positive shift towards gender diversity and balance.

With regard to age group, the distribution of participants demonstrates an intriguing equilibrium between different generations. The two most represented age groups are professionals between 40 and 49 years old (32.5%) and those between 50 and 59 years old (32.5%). These results suggest that a significant proportion of the sample consists of professionals in advanced stages of their careers, with accumulated experience and consolidated skills in the sector. The notable prevalence of mature individuals in this field may be attributed to the sophisticated nature of the activity, which demands a profound comprehension of financial markets, maturity in client management, and the capacity to oversee high-value portfolios. However, the remaining age categories demonstrate the presence of generational diversity. The demographic of professionals under the age of 30 constitutes 17.5% of the sample, indicating that the sector persists in attracting new talent at the commencement of their

careers. Participants within the 30-39 age bracket constitute 10% of the total, a proportion that, while smaller, is indicative of a notable presence of this age group within the market. Furthermore, 7.5% of respondents are aged 60 or over, suggesting that there is also a percentage of professionals with long careers and accumulated experience who may be relevant for the sharing of knowledge and good practices to younger generations.

About educational attainment, the results demonstrate a tendency towards high levels of academic qualification among the professionals in the sample. A significant proportion of the respondents (55%) possess a master's degree, thereby underscoring the significance of advanced training in this field and corroborating the mounting academic demands for professionals engaged in private banking. The subsequent category is that of the group with a bachelor's degree, constituting 32.5% of the sample. The data indicates that, while fundamental training is adequate for the execution of the profession, numerous individuals opt to pursue further education. Furthermore, the results show that this group is mainly made up of older professionals, suggesting that younger people are more likely to pursue postgraduate qualifications. This may be influenced by factors such as market competition and the necessity for ongoing professional development. A smaller but still relevant group corresponds to professionals with a doctorate, who represent 7.5% of the sample. Despite constituting a minority, these data underscore the significant value attributed to scientific and specialised knowledge in specific domains of private banking, particularly in roles necessitating a high degree of analytical and applied research capabilities. Finally, 5% of the participants held a Master's degree in Business Administration (MBA), a qualification that is highly valued in the financial sector for its practical orientation and focus on strategic management skills.

The results of the study indicate that private banking professionals in Portugal possess a profile characterised by experience, maturity and a high level of academic training. It is posited that these factors may exert a direct influence on their perception of the sector's organisational structure and the quality of the service provided. This assertion serves as a foundational premise for subsequent analytical inquiries.

4.1.1. Experience in the banking sector

In relation to their experience in the banking sector, it is noteworthy that a considerable proportion of the respondents, amounting to 45%, have been employed in this area for more than 15 years. This finding suggests a high level of seniority, as well as a substantial degree of in-depth knowledge and a well-established familiarity with the sector's dynamics. Furthermore, 22.5% of participants reported having between 11 and 15 years of experience, indicating a long-

term and stable connection to the sector, suggesting a professional trajectory characterised by consistency and specialisation.

Conversely, 20% of respondents indicated that they possessed less than five years of professional experience, signifying a recent generation of professionals at the commencement or nascent stages of their careers. These individuals may potentially introduce novel perspectives and methodologies to the operations of banking institutions. Meanwhile, 12.5% of participants have between five and 10 years of experience, placing them in an intermediate position. This phase is characterised by professional affirmation and consolidation, and these participants are able to act as a bridge between more experienced and younger professionals.

The data presented here demonstrate that the subject sample comprises a diverse array of professional profiles. This is evident in the presence of both those with extensive, long-standing professional careers and those who are in the early stages of their careers. This heterogeneity in the sample is beneficial to a more nuanced analysis, as it mirrors the broad spectrum of professional development that occurs within the banking sector.

4.1.2. Experience in private banking

In terms of particular experiential facets within private banking, the examined sample exhibited equilibrium across diverse degrees of engagement. A considerable proportion of the participants (35%) reported having worked in this sector for less than five years, suggesting the presence of professionals who are still in the early stages of consolidating their knowledge and practices in private banking. This generation of managers, while lacking in experience, has the potential to introduce dynamism and a willingness to adopt new working methodologies, thereby responding to the continuous transformations in the financial sector.

Conversely, 30% of respondents indicated that they possessed over 15 years of experience, thereby underscoring the presence of a cohesive group that possesses a strategic and profound vision, capable of contextualising contemporary changes in the context of the sector's historical progression. These professionals represent high-value human capital, primarily due to their ability to integrate technical knowledge with accumulated empirical knowledge, which is the result of experiencing different economic and organisational cycles.

The majority of participants (27.5%) fall within the intermediate generation, with a career path that is already consolidated but with room for professional growth and the integration of new approaches. This group encompasses those with between 11 and 15 years of experience. Finally, the 7.5% of professionals with between five and ten years of experience represent a

segment in transition, with some maturity in the performance of their duties, but still far from maximum seniority.

This distribution indicates that the sample encompasses a diverse range of professional trajectories, thereby facilitating an analysis of private banking from multiple perspectives. This approach encompasses the most innovative and recent vision, as well as the most consolidated and experienced perspectives, thereby enhancing the overall understanding of organisational perceptions within this specific sector.

4.1.3. Organisational structure of private banking

It was confirmed by all participants (100%) that private banking is currently integrated into the commercial banking structure of the institutions in which they are employed. The data indicates that, within the Portuguese banking sector, private banking is predominantly integrated within a more extensive organisational framework. In this framework, specialised services catering to high-net-worth individuals are concurrent with conventional commercial banking operations. This integration is indicative of the structuring of the Portuguese banking sector over the last few decades, seeking to benefit from synergies between different business areas, optimise costs and take advantage of existing structures.

However, 22.5% of respondents indicated that, at other stages of their careers, they had worked in institutions where private banking operated as an autonomous unit separate from commercial banking. While this constitutes a minority within the sample, it is of significant relevance to the study, as it reveals that there is practical experience with different organisational models in the Portuguese market, albeit on a smaller scale. The presence of these professionals serves to enhance the analysis, as it enables them to draw upon their experiential knowledge to compare the merits and drawbacks of each approach.

The information gathered thus far facilitates more in-depth discussions concerning the potential impacts of each model on the quality of service provided, the perception of managerial independence, and operational efficiency. The integration of professionals with experience in both organisational models thus contributes to a more robust reflection, underpinned by both theoretical opinions and practical experience. This element may, therefore, be particularly useful in assessing the relevance of possible structural changes in the Portuguese banking sector.

4.2. "Thematic Analysis of the Closed-Ended Questionnaire"

4.2.1. Section 2 – Service Quality and Personalisation

In response to the initial question, which enquired whether the commercial structure imposes constraints on the personalisation of services that professionals wish to offer their customers, a distinct trend emerged among the surveyed professionals. The majority of respondents expressed agreement with the aforementioned statement: The survey revealed that 47.5% of respondents expressed agreement, while a significant 40% indicated strong agreement, resulting in an aggregate positive response rate of 87.5%. A mere fraction of the respondents expressed an alternative viewpoint, with 2.5% disagreeing and 7.5% adopting a neutral stance. The findings of this study indicate that, from the perspective of private banking managers, the prevailing commercial structure poses a substantial impediment to the delivery of personalised services that are meticulously tailored to the unique requirements of each client.

The second question, enquiring whether the current model allows for a service that is truly focused on the individual needs of the customer, is of particular pertinence in terms of professional perception. The degree of dissatisfaction expressed in response to this question is striking: 55% of participants disagreed with the statement, while 22.5% expressed strong disagreement. A mere 10% of respondents expressed agreement, with no respondents indicating a strong agreement. This pattern of responses lends further credence to the notion that, from the perspective of these professionals, the prevailing integration model is not conducive to the establishment of an effective customer-centred approach.

Finally, regarding the statement 'The separation of private banking would increase the ability to offer more personalised solutions', the respondents' position is markedly favourable. The results of the survey revealed that almost half of the participants (47.5%) expressed agreement, while a further 42.5% strongly agreed, thereby yielding a total of 90% positive responses. A mere residual minority, constituting 10% of the sample, expressed disagreement or indifference.

A general perception has been identified through the analysis of the collected data. The results of the survey indicate that professionals in the sector view the current level of integration between commercial and private banking as a limiting factor in the personalisation of the service. Concurrently, they subscribe to the notion that a potential structural separation would facilitate a heightened degree of adaptation to the individual requirements of clients, thereby promoting a more personalised approach that is more aligned with the stipulations of the high-net-worth segment.

4.2.2. Section 3: Conflicts of Interest and Internal Organisation

The results of this section provide an in-depth understanding of professionals' perceptions regarding the existence of potential conflicts of interest, as well as the influence that the current organisational structure has on the advice given to clients.

In response to the initial enquiry regarding the experience of pressure to promote products that are more beneficial to the financial institution than to the client, a considerable proportion of respondents acknowledged having encountered this situation. Specifically, 35% of participants expressed complete agreement, while 22.5% indicated partial agreement, yielding a total of 57.5% who acknowledged experiencing this form of pressure. Conversely, 5% expressed a strong disagreement, while 20% indicated a disagreement. A further 17.5% adopted a neutral stance. The findings of this study indicate that a significant proportion of the sample perceives a discordance between the institutional interests and the actual needs of customers. This suggests that the current integration may potentially compromise the autonomy of advice.

In response to the second question, which sought to ascertain whether the integration of commercial banking engenders conflicts of interest in the provision of client advice, the responses exhibited a discernible trend. The majority of respondents expressed agreement with this statement, with 47.5% agreeing and 12.5% strongly agreeing. Conversely, a mere 12.5% expressed disagreement, while a negligible proportion, amounting to 2.5% of the sample (a single participant), expressed strong disagreement. The remaining 25% of respondents adopted a neutral stance. This set of results lends further credence to the hypothesis that the integrated model increases the risk of conflicts of interest, despite the fact that some professionals adopt a reserved position.

On the third question, 'Does the bank's compliance/reporting structure limit your autonomy as a manager?', there was almost complete consensus. The results of the survey revealed that 50% of respondents expressed complete agreement, while 40% indicated their agreement, yielding an aggregate affirmative response rate of 90%. A mere 10% of respondents expressed a neutral stance on the matter, with no respondents indicating any disagreement. This finding underscores the pervasive perception that the reporting and control mechanisms imposed by institutions, while indispensable for regulatory compliance, concomitantly impose substantial restrictions on the autonomy of private banking managers.

In addressing the inquiry concerning the impact of organisational structure on client perceptions of managerial autonomy, the data substantiates the trend that was previously observed. The majority (60%) of respondents agreed, and 22.5% expressed strong agreement, corresponding to 82.5% of affirmative responses. The residual proportion was apportioned

between 10% neutral responses and 7.5% responses indicating disagreement, with no indication of total disagreement. This pattern suggests that institutional integration exerts a dual influence on managers' practices and clients' perceptions of impartiality.

Finally, the question 'Would an autonomous private banking model strengthen client confidence in the manager's impartiality?' also received a high level of agreement. The results of the survey revealed that almost half of the professionals (47.5%) expressed agreement, while a further 40% expressed complete agreement, thereby yielding an aggregate response rate of 87.5% in favour of the proposal. A mere 12.5% of respondents expressed a neutral stance or expressed disagreement. The results indicate that the preponderance of professionals is of the opinion that the establishment of an autonomous structure would serve to mitigate potential conflicts of interest and concomitantly engender greater client confidence in the independence of the service provided.

To summarise, the data presented in this section demonstrate a consistent perception among private banking professionals. It is recognised that the current integration of private banking with commercial banking, in conjunction with compliance requirements, tends to generate conflicts of interest and limit the autonomy of managers. Conversely, proponents of an autonomous private banking model posit that such a model would enhance the impartiality of advice and cultivate a more robust relationship of trust with high-net-worth clients.

4.2.3. Section 4 – Relationship Management and Loyalty

The findings of this section underscore the significance that professionals in the sector ascribe to the continuity of customer relationships and the stability of management teams as pivotal factors in determining loyalty and service quality in private banking. These elements, therefore, are identified as the central pillars of a model that aims to respond effectively to the demands of high-net-worth clients, whose trust is dependent on the consistency of the support they receive.

The primary inquiry pertained to the potential impact of managerial turnover within the context of commercial banking on the continuity of customer relationships. The results of the survey revealed a high degree of consensus, with 75% of respondents agreeing and 12.5% strongly agreeing, amounting to an aggregate response rate of 87.5% in favour of the proposal. A mere fraction of the respondents expressed an alternative viewpoint, with 5% disagreeing and 2.5% strongly disagreeing, while 5% remained neutral. The findings of this study indicate that perceived instability within the management team is regarded as a significant impediment to

the establishment and maintenance of robust and enduring relationships, thereby adversely impacting the perception of service quality.

The second question, "Does the loyalty of high-net-worth clients depend mainly on the stability of their relationship with their manager?", serves to reinforce this interpretation. The results of the survey indicate that almost half of the professionals (45%) agreed with the statement, while 32.5% indicated that they totally agreed, thus constituting 77.5% of the overall agreement. In contrast, a mere 10% expressed disagreement, while 12.5% remained neutral. The findings of this study indicate that the trust and retention of high-value clients are intrinsically linked to the stability of the management team, which is a more decisive factor than other operational or commercial aspects.

In relation to the third question, 'Does the current structure allow you to devote sufficient time to each client?', the results are critical. A clear majority of respondents expressed dissatisfaction: 52.5% of respondents expressed disagreement, and 27.5% expressed strong disagreement, which corresponds to an aggregate negative response rate of 80%. A mere 10% of respondents agreed, while an additional 10% remained neutral, indicating a lack of consensus. This tendency indicates that the operational pressures and the demands imposed by the prevailing model are hindering managers from allocating the requisite attention to each client, thereby compromising a fundamental aspect of private banking — personalised service.

Finally, the fourth question, 'Would the separation of private banking increase operational efficiency and focus on customer relations?', generated almost unanimous consensus. The majority (70%) of respondents agreed, and an additional 22.5% expressed strong agreement, resulting in a total of 92.5% of positive responses. A mere 5% of respondents expressed a preference for neutrality, while 2.5% expressed disagreement, though no record was kept of the total number of respondents who disagreed. The findings of this study indicate a discernible perception that the establishment of an autonomous structure would serve to mitigate operational constraints while concurrently reinforcing the pivotal nature of the customer relationship.

The data presented in this section, when considered as a whole, lends support to the notion that the stability of management teams and the capacity to allocate adequate time to each customer are pivotal factors in the success of the private banking model. However, according to the experts who were consulted in the course of this study, the current commercial structure is not able to guarantee these essential conditions. The organisational separation of private banking has been identified as a potentially effective solution for enhancing efficiency, reducing administrative barriers and ensuring a more customer-centric service.

4.2.4. Section 5 – Digitalisation and Strategy

Analysing the data collected in this section provides insight into how private banking professionals in Portugal perceive the impact of digitisation on their service and the sector's strategic capacity

Regarding the first question, 'Does the pressure to digitise processes compromise personalised service?', the results reveal a critical perception, albeit one that is divided among participants. Half of the respondents (50%) agree that digitisation compromises personalisation, while 5% strongly agree. Conversely, 27.5% disagree, 2.5% strongly disagree and 17.5% are neutral. These results suggest an apparent conflict between the demands of technological modernisation and the maintenance of personalised, proximity-based service, which are traditionally valued in private banking.

The second question, 'Do customers value proximity to their manager more than digital convenience?', received significant agreement: 57.5% of professionals agree and 22.5% strongly agree, totalling 80% of favourable responses. Only 5% disagreed, while 15% remained neutral. These data reinforce the importance of interpersonal relationships and the human factor as central elements of service, even in an increasingly digitised context.

Professionals mostly expressed a negative perception of the statement “The current structure allows us to respond effectively to competition from fintech’s and digital banks”. Of those surveyed, 42.5% disagreed, 32.5% strongly disagreed, 7.5% agreed, and 7.5% remained neutral. Only 10% expressed some level of agreement. These results suggest that current private banking structures are not sufficiently prepared to keep pace with the innovation and technological disruption brought about by new digital players.

The statement 'An autonomous private banking model would have more flexibility to innovate' was met with strong agreement: 57.5% of professionals agreed, while 37.5% strongly agreed. Only a minority (5%) disagreed or remained neutral. These data convey a clear message: professionals believe that structural autonomy would allow for greater agility and adaptability in an increasingly technology-oriented sector.

In summary, the results of this section show that professionals value proximity and personalised service over digital convenience, and that they consider the current model to be inadequate for meeting the demands of innovation and competition in a digital context. Autonomy is seen as a way for private banking to overcome these limitations and provide a more flexible, innovative service tailored to the needs of high-net-worth clients.

4.2.5. Section 6 – Overall Assessment

The last question in the survey aimed to obtain an overview of the central issue of the research: to assess whether the current model of integration between private banking and commercial banking in Portugal is adequate or whether an autonomous model would be more advantageous. In order to ascertain the opinion of the respondents on this matter, the following question was put to them: 'Do you think that the ideal model for private banking in Portugal should be autonomous and separate from commercial banking?'

The outcome of the study indicates a discernible and persistent tendency in favour of institutional separation. The results of the survey revealed that 50% of the participants expressed complete agreement with the statement, while 32.5% indicated their agreement, yielding a total of 82.5% positive responses. However, a divergent perspective was expressed by a minority of respondents, who took the opposing view. Five percent of respondents expressed disagreement, while an additional five percent expressed strong disagreement. The remaining 12.5% of respondents expressed a neutral stance. The findings of this study indicate that the preponderance of professional's harbour reservations concerning the efficacy of the prevailing integrated model in ensuring the quality, autonomy and personalisation of private banking services.

In order to complement the quantitative responses, participants were invited to provide qualitative comments, resulting in a total of four contributions being collected. This has led to the reinforcement of the perception that the separation of the two entities would afford greater autonomy to the managerial staff and serve to enhance the quality of the services provided to the clientele. Conversely, certain respondents cautioned that this transition could potentially engender a sense of diminished security among customers, particularly in relation to their association with commercial banking. One participant is quoted as stating the following: "In the context of the retail segment, it is logical to be integrated and dependent on commercial banking, as this results in more engaged customers with more financial assets. Independent banking has been demonstrated to satisfy and add value for the end customer.

In synthesising the data presented in this section, it can be concluded that the majority of professionals in the sector advocate for the adoption of a more autonomous and specialised model for private banking. The prevailing opinion is that structural separation would facilitate the provision of a more effective service, with a greater focus on the individual needs of clients, enhanced personalisation, and, consequently, greater added value. These results align with earlier conclusions regarding the restriction of autonomy, the existence of conflicts of interest, and the significance of continuity in customer relationships. This lends further support to the

hypothesis that a private banking model distinct from commercial banking could significantly enhance the quality and efficiency of the service provided.

4.3. Integration of personal interviews

The qualitative analysis, conducted through semi-structured interviews with two experienced professionals in the private banking sector — one CFA charter holder and one with an MBA — complemented and deepened the results obtained through the questionnaire. The testimonials collected were then organised into thematic groups according to the structure of the interview guide. This methodological approach enabled the identification of nuances and individual perspectives that would not have been captured by numerical data alone. For instance, it was possible to highlight personal experiences relating to autonomy in portfolio management, the perception of conflicts of interest and the importance of stability in customer relationships.

The thematic structuring of the qualitative responses enabled a direct comparison to be made between the perceptions expressed in the interviews and the emerging patterns in the questionnaire. This process of triangulation served to enhance the validity of the results. Furthermore, the presence of professionals with a range of complementary backgrounds (CFA and MBA) provided a more comprehensive view of professional practice in private banking, combining technical and strategic perspectives on organisation, customer relations and operational efficiency.

4.3.1. The current structure and perception of separation.

In the course of the present study, the close relationship between private banking and commercial banking in the respective institutions of the two professionals interviewed was described. It was highlighted that this proximity, whilst it may create certain advantages in terms of coordination and operational synergies, has the potential to compromise the autonomy of the private banking team, particularly when commercial guidelines conflict with the logic of personalised advice. One of the professionals cited instances in which the commercial structure imposed objectives that were incongruent with the genuine needs of high net worth clients, thereby underscoring a misalignment between institutional goals and client interests.

While acknowledging that coordination between departments can, in certain cases, contribute to greater operational efficiency and optimisation of internal processes, interviewees emphasised that these benefits do not counterbalance the perceived loss of independence in direct client relationships. This perception of limited autonomy serves to emphasise the significance of an organisational model that facilitates the operation of private banking with

greater strategic freedom, thereby ensuring that financial recommendations and solutions are genuinely aligned with the individual needs of each client.

4.3.2. Conflicts of interest and alignment of objectives

The issue of conflicts of interest between commercial and advisory models was identified as one of the most relevant topics addressed in both interviews. It has been noted by both experts that the evaluation criteria and incentives provided to managers in the private banking sector frequently concentrate on sales targets. This has the potential to have a detrimental effect on the quality of services provided. One interviewee noted, for example, that 'the focus on sales compromises long-term relationships,' while another warned of the risk of managers becoming mere distribution channels for financial products, rather than trusted advisors focused on client needs.

This perception is corroborated by the results attained through the questionnaire, which indicate a pervasive sentiment of misalignment between the internal objectives of institutions and the actual interests of customers. The integration of commercial and private banking has been shown to exert pressures that compromise the personalisation and independence of advice, thereby impeding the capacity of managers to deliver customer-centric solutions. The aforementioned testimonies indicate that organisational separation could assist in mitigating conflicts of interest and enhancing the trust and satisfaction of high-net-worth clients.

4.3.3. Advantages and disadvantages of separation

In consideration of the possible benefits that could accrue from the separation of private banking from commercial banking, respondents posit that this measure has the potential to markedly enhance the autonomy of the service provided and enable the provision of more impartial advice. One professional highlighted the significance of autonomy in providing services to high-net-worth clients, suggesting that establishing a distinct organisational structure could enhance confidence and credibility in the value proposition offered to clients. This standpoint reveals that, from the perspective of the professionals, structural autonomy is not merely an issue of internal organisation, but also a pivotal element in fostering trust and consolidating the perception of specialised service.

Concurrently, respondents articulated concerns regarding the potential ramifications of this separation. It was posited by one professional that the establishment of an autonomous structure should not result in customers losing access to complementary services they value, such as integrated credit solutions or support for family businesses. Consequently, organisational separation must be accompanied by effective internal coordination mechanisms and clear and

consistent communication with customers. This is to ensure that the benefits of autonomy do not compromise the perception of value and continuity of service. These qualitative comments serve to reinforce the notion that any structural change must be meticulously planned in order to strike a balance between operational independence and the maintenance of an integrated service offering.

4.3.4. Customer Perspective and Personalisation

The experts interviewed emphasised that private banking clients attach great importance to personalised service and independent advice. However, it was noted that clients often have difficulty comprehending the distinctions between the various banking intermediaries. One interviewee emphasised that "many clients see the bank as a whole and do not distinguish between the commercial manager and the private banking manager," which can limit the perception of value of the specialised services offered. This absence of distinction contributes to the benefits of highly personalised and specialised advice not always being fully recognised by customers, potentially affecting their satisfaction and trust in the institution.

The importance of the advisory role of the private banking manager was emphasised by both interviewees, who also highlighted the necessity of strengthening this role to differentiate it from traditional service models. According to experts in the field, this specialisation is crucial for two main reasons. Firstly, it serves to underscore the autonomy of private banking within the broader institutional framework. Secondly, it is instrumental in enhancing the perception of specialised services, thereby fostering stronger relationships with high-net-worth clients. These elements demonstrate that, in addition to the organisational structure, effective communication of added value and consolidation of the role of the private banking manager are critical to the success of the model.

4.3.5. Trends, competition and innovation

Regarding trends observed in other markets, respondents indicated that some international institutions — particularly Swiss and Luxembourg banks — are adopting more customer-centric organisational models and granting greater autonomy to private banking services. One professional pointed out that many of these international banks have private banking operating as an independent unit with its own governance and greater strategic focus. This allows for more personalised advice and a more agile response to the needs of its clients.

Both interviewees argued that the Portuguese market could benefit from adopting these international best practices and creating more specialised structures tailored to the demands of

clients. They also emphasised that technological innovation could drive this evolution, provided it does not compromise the close relationships and trust that characterise private banking excellence. These comments suggest that combining organisational autonomy, specialisation and the strategic use of technology could enable the Portuguese sector to significantly improve service quality, thereby reinforcing the perception of value and customer satisfaction.

4.4. Cross-analysis between questionnaire and interviews

This section integrates the data obtained through the questionnaire with the qualitative contributions gathered from the interviews, allowing for the identification of areas of convergence and divergence between the two sources. This cross-analysis serves to reinforce the reliability of the conclusions and provides a more comprehensive understanding of how professionals perceive the separation between private and commercial banking.

A clear consistency has been demonstrated between the quantitative and qualitative findings, particularly concerning the perception that the current structure limits personalisation, promotes conflicts of interest, and reduces the autonomy of private banking managers. The findings from both the questionnaire and the interviews indicate that traditional commercial objectives have a detrimental effect on the advice provided to high-net-worth clients. This concern was expressed extensively, as evidenced by the high percentage of agreement with critical statements about the current model, and further illustrated through qualitative examples of misalignment between commercial goals and client needs.

With regard to the possible separation of private and commercial banking institutions, both data sources recognise the potential for this to enhance impartiality, specialisation, and trust in client relationships. However, the interviews introduce a more nuanced perspective by highlighting potential risks, including the loss of operational synergies and a decline in client convenience. These aspects, while not addressed in the questionnaire, are of significant relevance for the interpretation process.

A further salient finding pertains to client perception: both the survey and interviews indicate that many clients struggle to distinguish between the profiles of different managers. Nevertheless, professionals emphasise the importance of clearer communication and stronger brand differentiation to emphasise the added value of specialised services.

With regard to international trends and innovation, the questionnaire suggests moderate openness to the adoption of alternative models. However, the interviews reveal a more informed and critical stance, supported by concrete examples of practices from foreign institutions with

higher degrees of specialisation and autonomy. This finding indicates potential for tangible opportunities concerning evolution and modernisation within the Portuguese context.

To conclude the analytical stage, it is necessary to establish a link between the empirical evidence gathered and the hypotheses formulated in Chapter 1. The integration of qualitative results provides a coherent basis for assessing the validity of each hypothesis.

H1 – Conflicts of Interest

The findings provide substantial evidence in support of this hypothesis. The analysis of both data sources reveals the presence of conflicts of interest in integrated banking structures. The respondents reported that commercial targets frequently influence recommendations, and interviewees described specific cases where institutional pressure compromised impartiality.

H2 - Personalisation of Service

has been supported by the evidence. The majority of professionals concur that organisational autonomy engenders greater personalisation and flexibility. The correlation between the results of the questionnaire and the qualitative testimonies indicates that a distinct private banking model enables solutions that are tailored to the individual client's needs.

H3 – Customer Confidence and Independence

Most people think that structural independence means stronger client confidence and perceptions of neutrality. People being interviewed said the same thing, and they said that being independent makes things clearer and more trustworthy.

H4 – Long-term Relationships

This idea is mostly true. Most respondents agree that having a private banking division that is only for certain customers helps to build long-term relationships. However, some people who were interviewed said that if there was too much separation, it could cause problems with communication and make it difficult to work together. So, the hypothesis works when departments work well together.

H5 – Digitalisation and Innovation

The evidence is mixed. While some respondents think that autonomy helps innovation and adaptability, others said that integrated structures provide more resources and scale for digital transformation. So, the idea is partly right, but only depending on how big the institution is, what resources it has, and what its main goals are.

Hypothesis 6 – Professional Experience

The findings show that this hypothesis is true. There are differences between groups: senior managers generally want separation and autonomy, whereas less experienced professionals tend to want integration because it is simpler to use and better for learning.

Most of the ideas are supported or partially confirmed. The results all point to the same conclusion: it would be better to have a clearer separation between private and commercial banking. This would make things more impartial, specialised and trustworthy for clients, while still making sure that there are coordination and innovation in both areas.

5. Conclusion

The main goal of this dissertation was to conduct an in-depth analysis of the organisation of private banking in Portugal, seeking to answer a key question facing financial institutions: should this segment remain integrated into commercial banking, benefiting from the resulting synergies, or should it be set up as an autonomous, more specialised and independent unit, capable of ensuring greater personalisation and impartiality in advising high net worth clients? While this issue may appear, at first, to be purely of an organisational nature, it is, in fact, of far-reaching strategic importance. This is due to the fact that it touches on such relevant aspects as the competitiveness of the national banking sector, the relationship of trust that underpins the bond between clients and managers, and the ability of the Portuguese financial system to assert itself in an increasingly sophisticated and competitive global market.

The empirical results obtained throughout this research allow us to draw clear and consistent conclusions. A questionnaire administered to forty professionals in the sector, supplemented by semi-structured interviews with experienced managers, revealed that most respondents believe that the current model of integrating private banking into commercial banking limits the personalisation of the service and undermines the perception of independence. It has been reported that many professionals have admitted to feeling pressured to sell products or meet commercial targets that do not fully correspond to their clients' needs. This creates conflicts of interest and compromises the relationship of trust that is essential for retaining high-net-worth clients. This finding corroborates the conclusions of extant literature in the field, which asserts that when private banking is excessively influenced by commercial imperatives, it becomes incapable of distinguishing itself and providing a genuinely customer-centric service.

Trust, as demonstrated by both the data collected and the theoretical contributions reviewed, is the fundamental asset of private banking. In the absence of this element, endeavours to cultivate customer loyalty become unstable, as high-net-worth clients place a higher value on the relationship with the manager and the assurance that their interests are represented impartially than on the products themselves. The professionals who participated in this study reported a recurrent feeling of autonomy being compromised. This is indicative of a significant weakness in the Portuguese model, namely the absence of clear barriers between retail objectives and the specific needs for strategic and namely the absence of clear barriers between retail objectives and the specific needs for strategic and long-term advice to high-net-worth. This misalignment is not merely an operational issue; rather, it represents an obstacle to

the sector's credibility and its ability to compete with jurisdictions where the independence of private banking is more consolidated.

Another salient finding pertains to the continuity of the relationship between manager and client. The respondents emphasised that the stability of the relationship is one of the main factors in retention. However, they also highlighted that the current model does not allow enough time or conditions for sufficiently close and personalised follow-up. High rates of managerial turnover, compounded by the pressure to meet targets, have been shown to have a detrimental effect on the quality of the relationship, thereby creating a state of instability that, in turn, undermines client loyalty. This data is of particular significance as it confirms that, in a sector where personal ties are of great importance, the current configuration does not encourage the establishment of lasting relationships. Contrarywise, a more autonomous model would facilitate investment in team stability, establish conditions for more individualised monitoring and consolidate trust, factors without which it is impossible to guarantee long-term differentiation.

In the course of the research, digitisation was identified by the consulted professionals as one of the key factors driving transformation in the financial sector. While there is an acknowledgement of the inevitability of incorporating technology and responding to competition from FinTech's, it is also emphasised that private banking clients continue to value personal contact and a close relationship with their manager above all else. The conclusion that can be drawn from this is clear: technological innovation should be integrated as a complementary tool, with the capability to increase efficiency and facilitate access to information. However, it can never replace the relational dimension that distinguishes this segment. It is precisely in this articulation that an autonomous model can exhibit greater flexibility, allowing for selective innovation and digitisation without compromising the essence of personalised service.

A comparison with international literature and practices in other markets serves to reinforce these conclusions. It has been posited by several authors, including Horn and Rudolf hat excessive integration can result in conflicts of interest and limitations in customisation. Conversely, reports by consultancies such as Deloitte and McKinsey emphasise the efficiency advantages resulting from integration. The discrepancy between these two readings appears to be replicated in the Portuguese reality: despite the recognition of the importance of synergies, professionals ascribe greater importance to independence and credibility. This perception is further reinforced when considering the international context. In major private banking centres,

such as Switzerland or Luxembourg, autonomous models predominate, giving them an international reputation and the ability to attract global clients.

The relevance of this research is evident in its academic and practical dimensions. From an academic perspective, it provides empirical evidence on the perspective of professionals, which is often absent from the debate, and offers an insider's perspective on the constraints and potential of the sector. From a pragmatic standpoint, the findings furnish financial institutions with concrete insights into the perceptions of their personnel, thereby enabling them to make informed strategic decisions regarding reorganisation and repositioning. In conclusion, when considered in its entirety, the subject contributes to the ongoing discourse on the optimal structuring of a sector that plays a pivotal role in the mobilisation of private wealth. This is achieved not solely for the benefit of clients and institutions, but also for the financing of the economy and the promotion of sustainable investments.

It is imperative to acknowledge the limitations inherent in this approach. The sample size is too small to permit absolute generalisations, and the non-probabilistic nature of the selection process further limits the validity of the results. Furthermore, the research focused exclusively on the Portuguese market, without including a direct comparative analysis with other countries. Furthermore, the study exclusively incorporated the viewpoint of professionals, thereby excluding the input of customers, whose incorporation could have enriched and complemented the conclusions. These limitations, rather than diminishing the study's value, lay the foundation for future research directions that have the potential to further refine and expand our understanding of the subject.

Despite the fact that it has furnished a comprehensive understanding of the professional perceptions of the distinction between private banking and commercial banking, it is imperative to acknowledge the study's inherent limitations. Firstly, the limited number of participants in the study limits the generalisability of the results, as the conclusions are based on the opinions of a small group of managers and experts from the Portuguese banking sector. Secondly, the interviews conducted reflect subjective perceptions and individual experiences, which may be influenced by institutional and cultural factors or by the specific context of each institution. Furthermore, the study focused exclusively on the Portuguese market, which prevents direct extrapolation to other financial systems with different regulatory structures and business models. In conclusion, whilst the qualitative design of the research is appropriate for exploring perceptions and motivations, it does not allow for the quantification of the effective impact of the separation between the two areas in terms of commercial performance, risk management or customer satisfaction.

It is recommended that future studies explore this topic in greater depth by employing quantitative methodologies. This approach will facilitate the empirical testing of the hypotheses raised in this study. A relevant example would be a comparative analysis of data between institutions operating with integrated models and institutions that have adopted a clear separation between private banking and commercial banking. Evaluation indicators could include profitability, operational efficiency, level of service personalisation and customer retention. Furthermore, subsequent studies may benefit from incorporating an international perspective, thereby facilitating a comparison between the Portuguese reality and that of other European markets, including Luxembourg, Switzerland and the United Kingdom, where private banking is more established. A further pertinent research trajectory pertains to the examination of the impact of novel technologies and digitalisation on the relationship between the two domains, specifically the role of digital channels and investment platforms in the aggregation or differentiation of customers from disparate segments. In conclusion, it would be beneficial to incorporate the perspectives of private banking customers themselves. This would serve to complement the institutional analysis with insights into demand and user experience.

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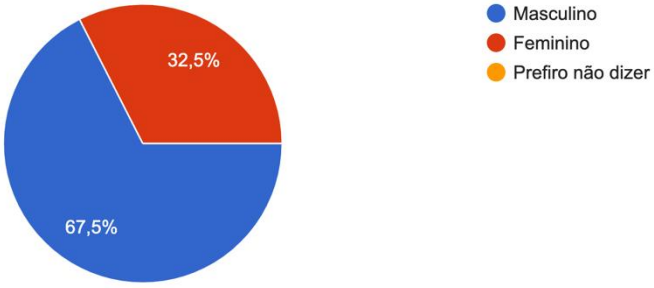
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Appendix

Appendix A - Questionnaire results

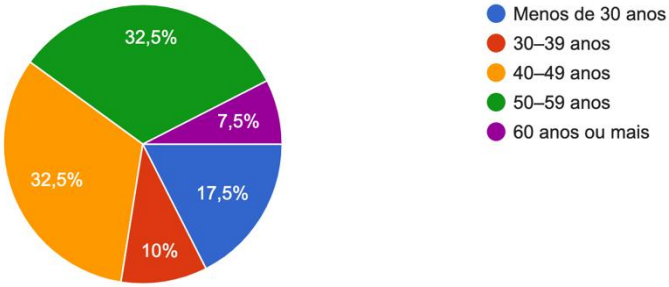
Qual é o seu género?

40 respostas



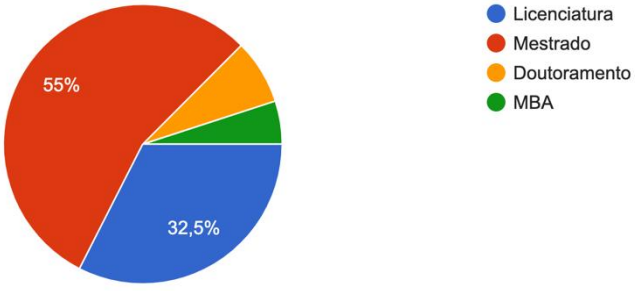
Qual a sua faixa etária?

40 respostas



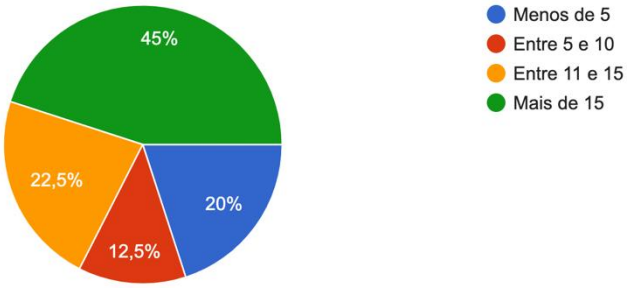
Qual é o seu nível de escolaridade?

40 respostas



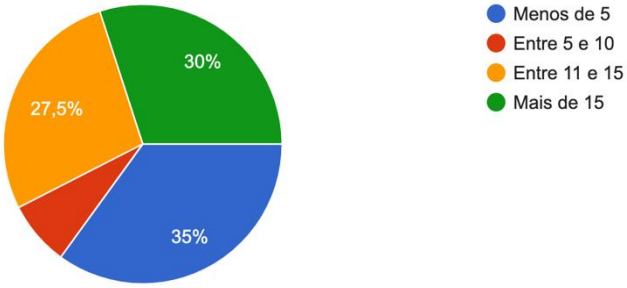
Há quantos anos trabalha no setor bancário?

40 respostas



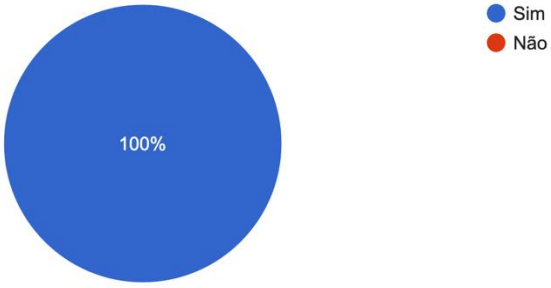
Há quantos anos exerce funções em private banking?

40 respostas



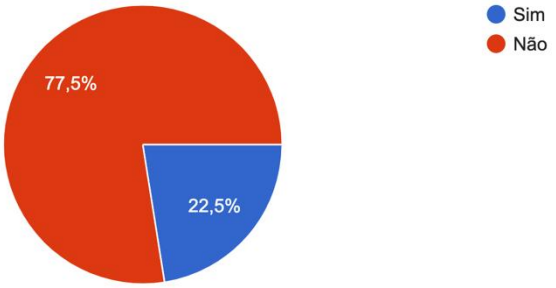
A sua instituição insere o private banking na estrutura da banca comercial?

40 respostas



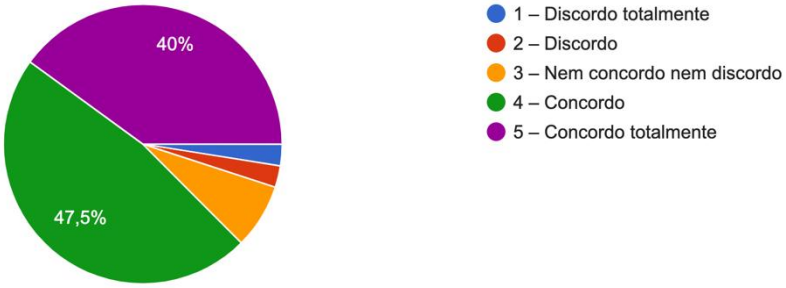
Já trabalhou numa instituição com o private banking separado da banca comercial?

40 respostas



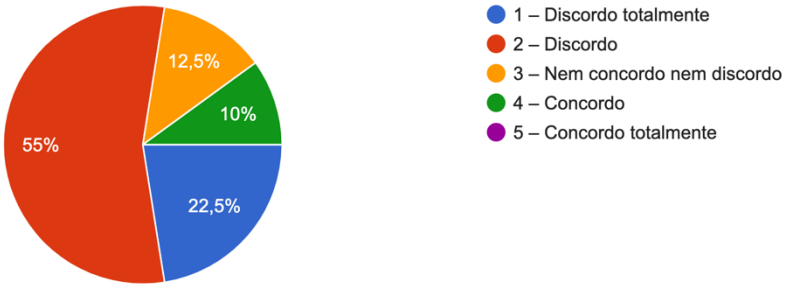
A estrutura comercial limita a personalização do serviço que gostaria de prestar aos seus clientes.

40 respostas



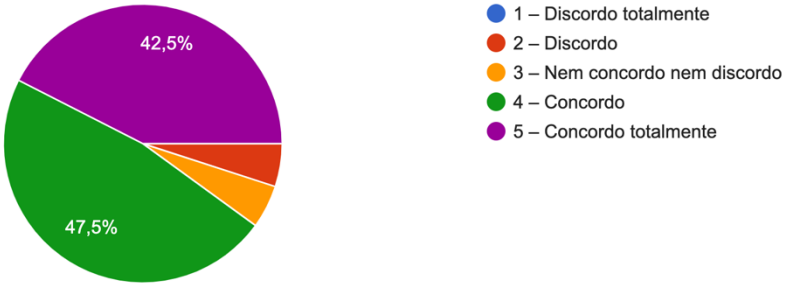
O modelo atual permite um serviço verdadeiramente centrado nas necessidades individuais do cliente.

40 respostas



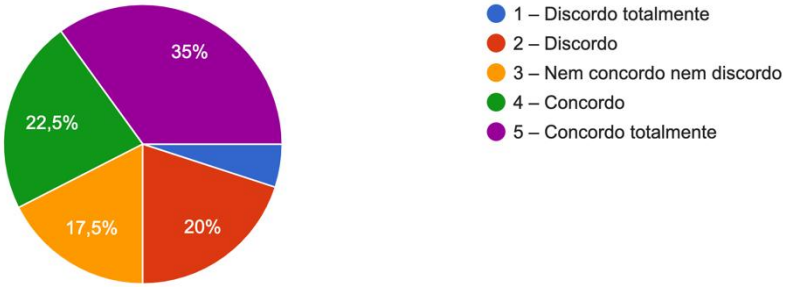
A separação do private banking aumentaria a capacidade de oferecer soluções mais personalizadas.

40 respostas



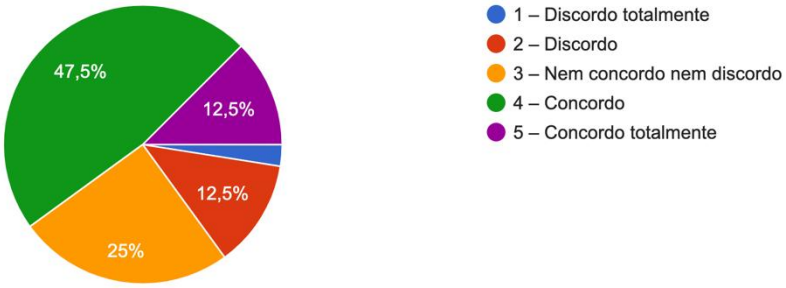
Já sentiu pressão para promover produtos mais vantajosos para o banco do que para o cliente.

40 respostas



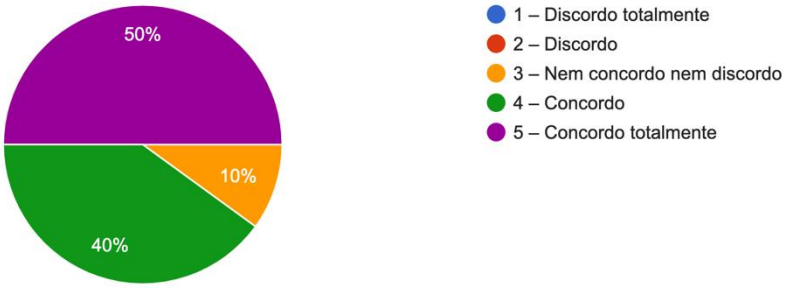
A integração com a banca comercial favorece conflitos de interesse no aconselhamento ao cliente.

40 respostas



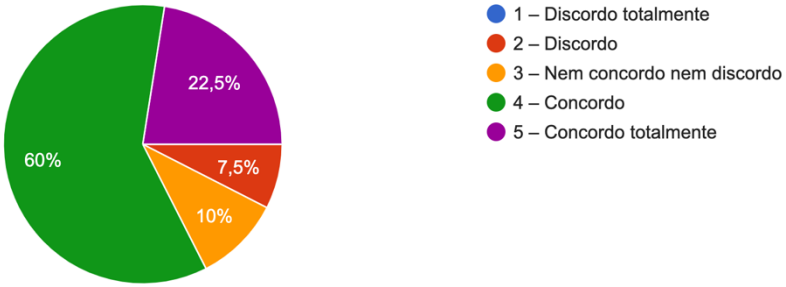
A estrutura de compliance/reporting do banco limita a sua autonomia como gestor.

40 respostas



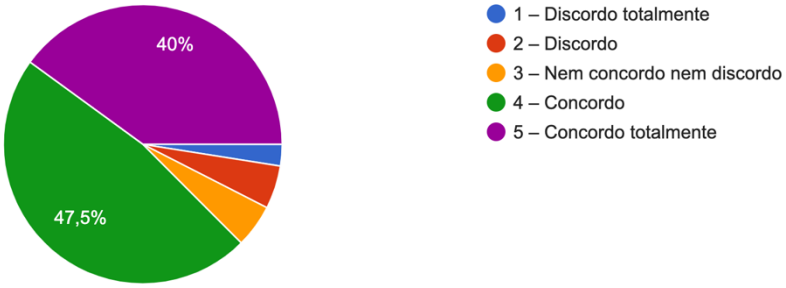
A estrutura organizacional atual compromete a perceção de independência do gestor por parte do cliente.

40 respostas



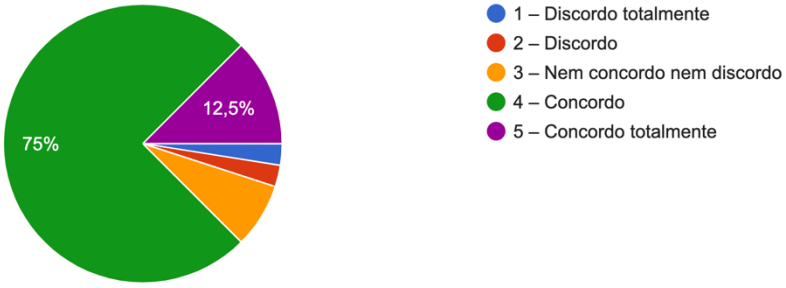
Um modelo autónomo de private banking reforçaria a confiança do cliente na imparcialidade do gestor.

40 respostas



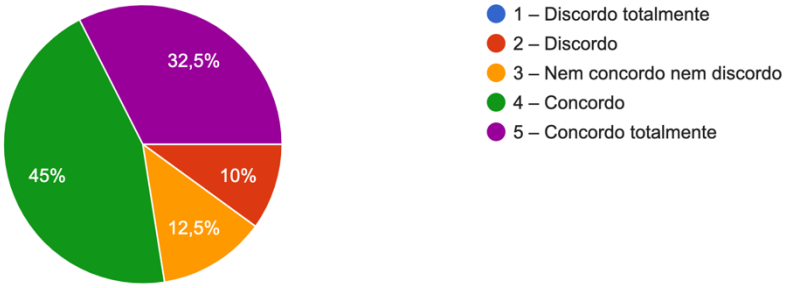
A rotatividade de gestores na banca comercial prejudica a continuidade do relacionamento com o cliente.

40 respostas



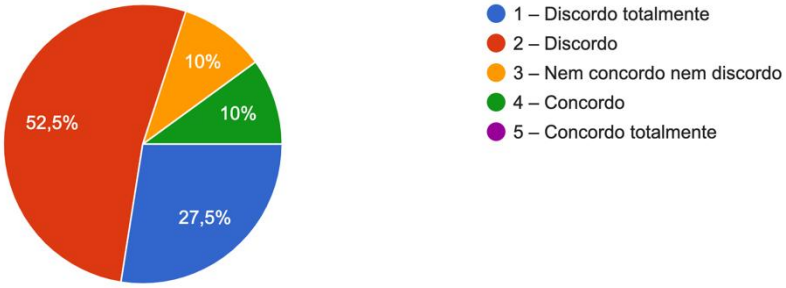
A fidelização de clientes de elevado património depende sobretudo da estabilidade da relação com o gestor.

40 respostas



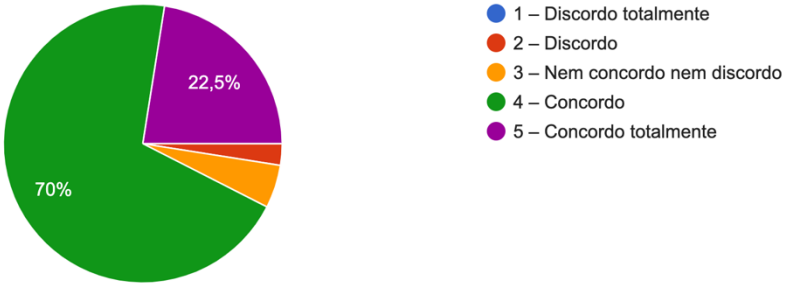
A estrutura atual permite-lhe dedicar tempo suficiente a cada cliente.

40 respostas



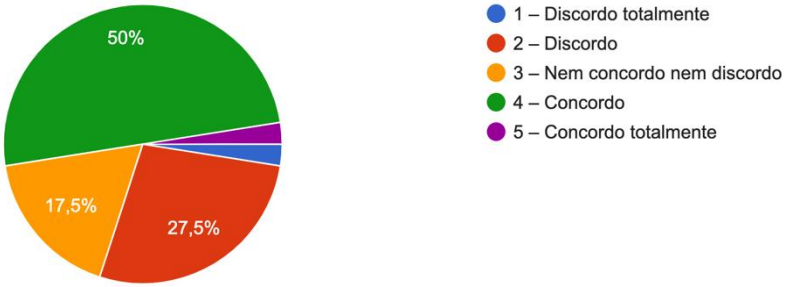
A separação do private banking aumentaria a eficiência operacional e o foco no relacionamento com o cliente.

40 respostas



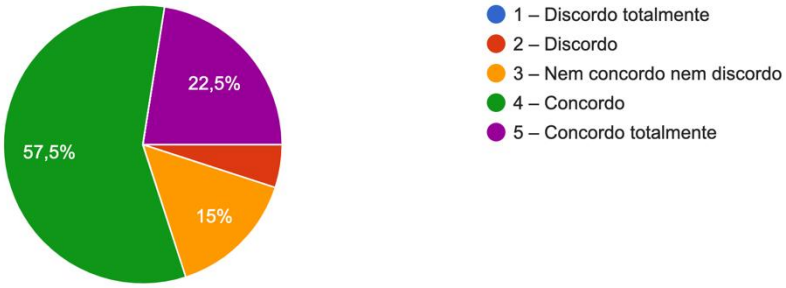
A pressão para digitalizar processos compromete o serviço personalizado.

40 respostas

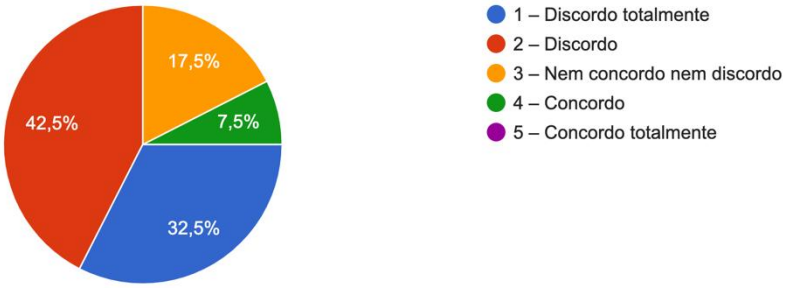


Os clientes valorizam mais a proximidade do gestor do que a conveniência digital.

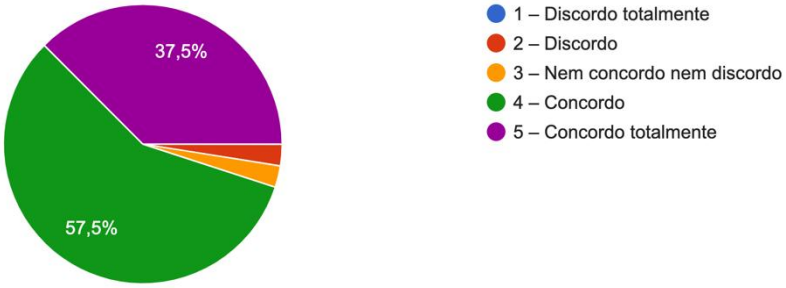
40 respostas



A estrutura atual permite responder eficazmente à concorrência de fintechs e bancos digitais.
40 respostas



Um modelo independente de private banking teria mais flexibilidade para inovar.
40 respostas



Considera que o modelo ideal para o private banking em Portugal deveria ser autónomo e separado da banca comercial.
40 respostas

