

3 Special Report

Legal Services

Hungarian Legal Market Remains Competitive, Demanding Top-quality Advice at Speed and Competitive Rates

The *Budapest Business Journal* asked some of the leading lawyers in Hungary to give us their take on the trends shaping Hungarian legal services in 2025 and to assess the health of the marketplace.

BBJ ROBIN MARSHALL

BBJ: What is new in Hungary's legal services market this year?

Balázs Dominek: Legislation is very busy this year. The reliefs in ESG reporting obligations, refurbishment of energy efficiency obligation schemes, new legislation regarding non-performing loans and recent legal changes affecting the retail sector are just a few examples. These rapid changes create a vast demand for advisory services.

Another factor to note is expanding technology solutions, mainly in green energy and the digitalization of distribution chains. The demand for green energy is not new, but the supply side is not only growing by the number of undertakings. New technology solutions have been introduced to generate, transmit and store green energy. The recent black-out in Iberia will certainly boost this progress, even in the short term. With the digitalization of markets, this is progress to watch for law firms.

Erika Papp: We are seeing a promising increase in financing transactions and M&A activity in Hungary this year. While the market continues to be shaped by global uncertainties, there are encouraging signs of renewed investor interest, particularly in strategic sectors such as technology and infrastructure, defense and automotive. We also see early-stage movement in refinancing

and cross-border deals, suggesting cautious but growing momentum.

Balázs Sepsey: The Hungarian legal market continues to be highly competitive and demanding, with increasing pressure on law firms to deliver top-quality advice at speed and, at the same time, competitive rates. On the other hand, we observe a clear trend toward regionalization. Regional firms, like Kinstellar, with a presence in 12 countries, are gaining ground by combining deep local knowledge with access to broader resources and advanced tools. This positions us well to adapt quickly to client needs and evolving market conditions.

Rita Párkányi: The Hungarian legal market is being reshaped by the constant emergence of new legal buzzwords (ESG, AI, NIS2, GDPR), which create a fast-moving and complex compliance landscape. This makes it increasingly challenging for companies to stay on top of their legal obligations, especially in highly regulated sectors like biotech, healthcare, and technology. As a result, we see a growing demand for highly specialized, niche legal support.



Balázs Dominek

This is also a challenge for law firms as these regulatory frameworks were not part of traditional legal education, requiring lawyers to adapt and upskill rapidly.

Another trend in Hungary is the increasing demand for estate planning and asset management services, which is driven by a generational shift in family-owned businesses and private wealth. Clients seek comprehensive legal



Erika Papp

support for navigating the corporate, tax, and governance implications of intergenerational wealth transfer. **Gergely Dzsiniich:** The developing landscape of the NIS2-related legislation (the directive establishes a unified legal framework to uphold cybersecurity in 18 critical sectors across the EU, including protecting network and information systems, their users, and other affected individuals from cyber incidents and threats; it also calls on member states to define national cybersecurity strategies and collaborate with the EU for cross-border reaction and enforcement) and the emerging focus on AI should be highlighted.

András Szecskay: One anticipated highlight of the year, which, to date, has not been launched, is the introduction of e-registration in the land registry system. The challenging introduction shows how deep and complex the system is. Undoubtedly, the launch will come with its share of hurdles, but we're looking forward to the system's modernization.

Zoltán Faludi: Hungary's legal landscape is constantly witnessing developments, and 2025 has been no different. Notably, the introduction of new regulations concerning non-performing loans is reshaping debt management and purchasing activities, aligning with EU directives. Additionally, the relaunch of Hungary's Golden Visa program has garnered attention, offering new avenues for residency and investment. Finally, newly introduced rules for co-located battery energy

storage systems have fueled project developments. At Wolf Theiss, we've been at the forefront, advising clients on these evolving legal frameworks.

BBJ: We are constantly told that ESG and AI are the key buzzwords of the moment. How much work do they generate?

BD: Currently, ESG legal work is more tangible than that generated by AI; however, it would be hard to compare these two. AI technology is not sector- or market-specific but sneaks into all spheres and layers of the economy. Most importantly, it is not business-specific. People in their personal lives are also using AI on a daily basis. AI will reshape our entire world and will generate a vast amount of legal work in the future.

EP: We're seeing increasing demand in ESG and AI, areas that are becoming central to our clients' strategies. In ESG, we've developed tailored solutions, including partnerships with ESG advisors to provide integrated compliance support. AI presents one of the biggest challenges for regulated businesses such as banks and financial institutions, and we know that AI compliance is high on their priority list.

András Posztl: AI-related work is not currently dominant in our regular workstreams; however, we can see clear signs that it is already picking up.



Balázs Sepsey

This is especially true in specific sectors or industries (such as mobility, travel or aviation) and regarding particular practices such as data protection, antitrust and consumer protection. On the ESG side, we continue to see consistent demand, particularly in areas like sustainability disclosures and regulatory compliance.

BS: Both ESG and AI are significant drivers of legal work today. We see growing demand from our clients for guidance on ESG-related matters, prompting us to focus more intensively on this area, both locally and across our regional footprint.

ESG is no longer a checkbox exercise; it's integral to corporate strategy and compliance. Similarly, with the adoption of the AI Act, companies, particularly in finance, healthcare, and manufacturing, must proactively align with new regulatory frameworks.



Rita Párkányi

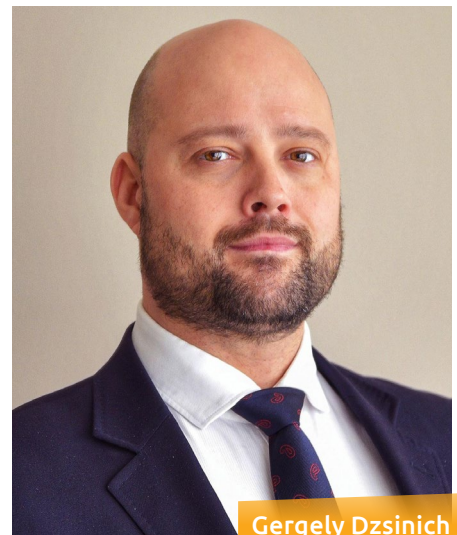
We support clients in assessing their systems and building governance structures that mitigate legal and reputational risks. Investing in AI compliance today is essential for maintaining competitiveness in a tightly regulated digital economy. ESG and AI both generate substantial and steadily increasing volumes of work. **RP:** On the ESG side, we're seeing a steady rise in client demand related to regulatory compliance and reporting obligations. Clients also seek strategic advice on integrating sustainability factors into corporate governance, M&A, and investment decisions. As for AI, the legal work is still emerging but growing fast. It ranges from data protection and IP questions around AI tools to regulatory analysis, especially with the EU AI Act.

István Szatmáry: Following recent legislative developments at the EU level, we have experienced a loss of inquiries relating to the implementation of ESG-related tasks, but also an increase in inquiries regarding the consequences of the legislative changes. In contrast, AI seems to be creating an increasing number of legal issues, some quite novel. We receive regular inquiries from clients, regulators and courts as part of a broader dialogue among legal practitioners. This is a good example of how the legal profession is trying to respond concisely to new, challenging issues. **GDzs:** ESG and AI generate substantial legal work in Hungary, driven by ESG requirements and the EU AI Act's compliance demands across data privacy, IP, and contractual matters. **ASz:** Legal and ESG counseling often overlap. There is no need for additional qualifications to render purely legal advice. However, whoever wants to act as an ESG advisor has to meet specific accreditation requirements. Our firm is already completing the specialized training to deliver relevant services when demand increases. **Róbert Szuchy:** Both ESG and AI are transforming client expectations and generating real work. ESG, in particular,

has become a regulatory imperative in sectors like finance, real estate, and energy. Clients ask us to perform ESG due diligence, draft sustainability clauses, or assess their reporting obligations. As for AI, it's increasingly involved in contractual automation and labor law questions, especially in terms of algorithmic decision-making. **ZF:** ESG and AI are not just buzzwords but integral to our service offering. We've observed a surge in inquiries related to ESG compliance, sustainable financing and AI integration. We have been instrumental in advising on ESG obligations under Hungary's expanding regulatory landscape and guiding clients through the emerging complexities of AI deployment in compliance with the EU's AI Act. With AI literacy already an existing requirement and the next deadline of the AI Act approaching in August regarding fines, GPAI models and governance in general, we believe that seeking advice on this topic will increase further.

BBJ: Beyond the services you offer others, how do ESG and AI impact your business?

BD: AI brings considerable efficiencies to standardizable legal workflows (such as translation, contract drafting, revision processes, and legal research). It, therefore, shifts legal professionals to higher value-added services. Language barriers, data privacy, and concerns about client-attorney privilege currently limit the use of AI.



Gergely Dzsiniich

Nevertheless, in the long run, AI has the potential to rearrange the focus and scope of legal work. Even now, clients often bring legal research or contracts generated by AI for revision. **EP:** ESG and AI are integral to how we run our business, not just what we advise on. We've invested in legal tech and introduced tools like Copilot and Harvey to enhance efficiency and collaboration. We also train our lawyers to embed these tools into their daily work. On the ESG front, we recently refurbished our office with sustainability in mind and have strict internal reporting on areas like travel and paper use. **AP:** We consider AI (especially generative AI) to be a key disruptor in our business, and as a result,

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we put significant resources into correctly understanding and harnessing its power, relying on the vast expertise offered by our international network.

RP: Digitization is reshaping law firms in several ways, bringing both efficiency gains and strategic challenges.



András Szecskay

Most recently, we launched an AI-driven pilot project that serves several strategic objectives, such as replacing routine tasks and, as a consequence, expanding into higher-value services, boosting efficiency and, therefore, profitability. We can already see some benefits, such as building a more productive workforce allowing us to compete with larger firms without expanding headcount. We also seek to explore new areas of business where AI may help us offer new tech-driven services like legal helpdesk, compliance monitoring, and contract analytics.

ISz: Internally, ESG impacts our HR, procurement and office sustainability policies. Although AI is transforming legal workflows, I believe the most significant change it brings to our profession is how we should think about technology. We have concluded that our mindset must be reshaped entirely, and the processes we have applied so far may be completely wrong. For this reason, we have started launching internal training courses with the involvement of mathematicians, engineers, and other professionals who teach us the basic concepts behind various AI solutions. This signals a change in the future role of lawyers, who will need to understand tech solutions much better than ever before. **GDzs:** ESG and AI truly shape the business in a dynamic manner. The solution is straightforward: doing our best to stay ahead of tech development and client needs, which is ensured by internal training. These guarantee our approach to maintaining competitiveness in the Hungarian market.

Dániel Gera: We are prepared for growing interest in these fields and also emphasize them in our functioning as a law firm. I believe cross-functional cooperation (legal, compliance, IT, HR, sustainability) is essential.

RSz: Internally, ESG has led us to adopt more transparent operational standards, from pro bono engagements to environmental sustainability within our office. AI is revolutionizing our work: we use machine learning tools

for document review, risk mapping, and legal research. These tools don't replace lawyers but enhance productivity and accuracy, which clients appreciate.

ZF: Internally, we've embraced ESG principles by enhancing our sustainability initiatives and promoting diversity and inclusion within our teams. With AI, we've been steadily integrating several tools to streamline legal research, document review, contract analysis and compliance checks to improve efficiency and accuracy in our services. We see AI as an enabler to transform our operations, allowing us to reallocate talent to higher-value activities and freeing our legal professionals to focus on high-added value or strategic advisory work, complex negotiations, and client engagement. We also see clients coming to us to confirm, fine-tune or correct the "advice" they generated with AI to respond to their needs and questions concerning legal topics or issues they face. This is interesting and shows that not only lawyers but also our clients are using AI, but for different purposes than we thought they would!

BBJ: Since President Trump returned to office, there has been a marked rolling back of DEI policies in federal institutions, but also in private corporations. Do you see any evidence of that crossing the Pond?

EP: We have strong DEI policies locally and across the entire CMS group. While we haven't seen any rollback in our London office or the broader market, we're aware that working with U.S. firms affected by such changes might present challenges in the future.

AP: Indeed, some of our offices, such as those in Belgium and France, have experienced pressure from U.S. embassies to scale back DEI initiatives. However, we have not yet encountered such influence in Hungary, and our policies remain unaffected.



Zoltán Faludi

RSz: In Central Europe, the DEI debate follows a different rhythm. While some global companies with U.S. headquarters do adjust their HR compliance practices, the rollback trend has not significantly influenced the Hungarian legal or corporate sphere. Here, DEI remains a reputational and market-driven value rather than a legal requirement. It is still considered a differentiator for multinational employers.



András Posztl

BBJ: The European Commission and the government of Hungary continue to butt heads over the rule of law. Does this damage the public perception of your profession?

ISz: As part of the Hungarian economy, the legal profession (particularly business law firms like ours) cannot make itself independent from macroeconomic processes, such as the disagreements between the European Commission and the Hungarian government. Amidst these disagreements, legal professionals often need to reaffirm their independence and integrity.

DG: While ongoing tensions between the European Commission and the Hungarian government over the rule of law raise significant concerns, we hope they will not directly damage the legal profession's reputation. In fact, many lawyers are seen as professionals who uphold legal standards and provide stability in a politically complex environment. This can strengthen trust in the profession, especially among international clients and partners.

ASz: I'm not worried about the image of our profession but rather about the damage to the country's economy. I'm very concerned about the new draft bill that would enable the shutting down of foreign-funded organizations, insinuating that they threaten national sovereignty. The rule of law significantly influences everybody, including investors in Hungary. The issue is not the prevailing importance of sovereignty but freedom of speech. I hope that the continued protests we see will be successful.

RSz: The broader political debate does have an impact on perceptions, especially among international clients. However, Hungarian legal professionals have a strong sense of ethics and independence. We work with local and foreign clients who understand the difference between political narratives and professional legal standards. In fact, we are often called upon to offer clarity in this sometimes polarized environment.

BBJ: Public perception aside, how do you measure the health of the Hungarian legal market?

EP: It is reflected in its growing diversity and competitiveness. Mid-tier firms are gaining momentum alongside historically strong local players and international firms, and more firms are striving to specialize, signaling a maturing and increasingly sophisticated market.

AP: A recently published international study suggests that the Hungarian legal services market is projected to reach EUR 893.9 million in 2025, and despite a decline at a CAGR of 3.1% between 2019 and 2024, the market is expected to grow over the next five years, indicating a healthy rebound in legal services demand. I would be happy to share this optimism. However, there are challenges, such as the structure of the economy and geopolitical, technological and talent market trends, which make me think the market may instead continue to shrink.

ISz: We consider client demand, foreign investment flows, and the market's ability to attract and retain talent to be key factors in the legal market. In these respects, the current outlook is less positive than a year ago.

DG: While Europe has not seen a coordinated rollback of DEI policies, the political and corporate tone may subtly shift in the future, especially among multinational firms. However, legal requirements in the EU and most European countries act as a guardrail that makes a U.S.-style reversal unlikely in the short term.



István Szatmáry

BBJ: What changes would you like to see made to the provision of legal services in Hungary? Are you happy with how new laws are formulated? Is there any particular law you would like to see introduced? Is the court and prison infrastructure fit for purpose?

DG: We can be reasonably satisfied with the regulations governing the provision of legal services and its various subsystems. The regulation of the judiciary system, particularly regarding the independence of judges, raises serious concerns, and the European Commission is monitoring this.

Hungary's court infrastructure is improving, but it is still a bit uneven, particularly in digitalization and independence. The accessibility of effective legal remedies for the general public and companies and better protection of creditors' interests could be improved. The prison system remains under pressure, with lingering issues around overcrowding and conditions despite efforts to expand capacity. These factors can affect not only justice outcomes but also public trust in the system.

The legislative process is often untransparent and often lacks sufficient prior professional and sectorial



Róbert Szuchy

consultation. There are several areas where new or improved legislation could significantly strengthen legal certainty, democratic governance, and economic competitiveness.

ASz: Procedures should be a lot less formal. Currently, 50% is based on formalities instead of investigating the merits of a case. This deprives parties from getting access to justice. Statistics show that the number of court cases has dropped in the past few years because of the procedure-over-substance approach.

The amendment of laws needs to be clearly communicated and in time, allowing for and recognizing comments.

I welcome the intention of the Ministry of Justice for deregulation, but I don't see it happening yet. The process needs to speed up. The precedent system introduced a few years ago is depriving the autonomy of judges and lower courts. Judges are concerned about deviating from the precedent, even if the facts say otherwise. This is a big issue.

RSz: One of the most pressing issues is the length of court proceedings in Hungary. Despite recent improvements, the pace of civil litigation remains too slow, particularly in commercial cases. This creates uncertainty for clients and adds to their legal costs. On a positive note, court digitalization has improved considerably in recent years. Electronic filing systems and remote hearings are now part of everyday legal practice, and that's a step in the right direction.

BBJ: Are you happy with the talent pipeline for trainee lawyers and junior associates?

EP: We're happy with our talent pipeline, but we heavily invest in identifying and nurturing local talent. Our focus has long been on selecting and training paralegals to retain top talent, and we see more students gaining international experience and strong language skills early on.

AP: We've made a strategic commitment to long-term talent development. Our Talent Pool Program is now widely recognized, serving both as a recruitment tool and a barometer for trends in the legal talent market. As a result, we continue to attract strong trainee and junior associate applicants, reinforcing our belief in the value of structured, future-focused talent initiatives.

BS: In my experience, you can find talented fresh graduates on the market who are willing to work hard. Retaining talent is much more difficult and requires constant efforts from a law firm's senior leadership.



Dániel Gera

Loyalty has become rare across all industries, not just in law. Senior leadership must invest consistently in team engagement. As a regional firm, we provide cross-border opportunities and access to advanced legal technologies, which are key advantages in building lasting professional relationships.

GDzs: We are very happy with our young team members, and their dynamic motivation clearly gives us positive feedback for our talent and mentoring approach.

Legal Services Market Talk Panel, 2025

- **Balázs Dominek**, managing partner, Andersen Legal
- **Erika Papp**, managing partner, head of finance CEE, CMS Hungary
- **András Posztl**, managing partner at DLA Piper Posztl Nemescsói Györfi-Tóth and Partners
- **Balázs Sepsey**, office managing partner, Kinstellar Hungary
- **Rita Párkányi**, founding partner, KCG Partners Law Firm
- **István Szatmáry**, managing partner, Oppenheim Legal
- **Gergely Dzsínich**, co-managing partner, Sándor Szegedi Szent-Ivány Komáromi Eversheds Sutherland
- **Dániel Gera**, managing partner, Schoenherr Hungary
- **András Szecskay**, founder and name partner, Szecskay Attorneys at Law
- **Róbert Szuchy**, managing partner, BS LAW Budapest
- **Zoltán Faludi**, managing partner, Wolf Theiss