

## TRANSCRIPT Episode 2 - Katarzyna Szczudlik

**Jonathan:** Welcome to *Lawbalization*. Today I'm joined by Kasia Szczudlik, a Polish lawyer based in Warsaw and a partner at Schoennerr, a law firm operating across Central and Eastern Europe. Kasia specializes in financial regulation—including cryptocurrencies—as well as data protection, cybersecurity, media, telecommunications, intellectual property, and broader aspects of new technologies law. She also advises on technology-related M&A transactions. Kasia, thank you for joining me on my podcast today.

**Kasia:** Thank you for having me. It's a great pleasure to be here with you.

**Jonathan:** Since you're based in Poland and I'm not, I'd love for you to give us some background on what's happening in Poland and Eastern Europe generally. What are you seeing in the business environment?

**Kasia:** Sure. I see three main trends right now. First, Poland still hasn't implemented MiCA—the European Markets in Crypto-Assets Regulation. Because of this, many crypto exchanges and related businesses are leaving Poland for other jurisdictions. That's disappointing as a blockchain and crypto lawyer, and unfortunately we may be waiting longer because of the recent presidential elections. Second, I've noticed renewed interest from U.S. IT firms in the Polish market. I'm currently working on a large project involving a New York-based cybersecurity company entering Poland. It's not the only U.S. referral I have right now. We saw this trend years ago, then it quieted down, and now it's back. Perhaps it's linked to optimism about the war in Ukraine ending, but also because Poland remains a powerhouse for IT talent. Third, there's a surge of investor and law firm interest in the defense sector. Many law firms that weren't previously active in this space are now pursuing defense-related work. We're seeing significant investment from new players—particularly from China, South Korea, and Japan.

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**Jonathan:** How does Poland compare to its neighbors in Eastern Europe? Many of us in the U.S. don't differentiate very well between Eastern Bloc countries. Could you give us a lay of the land?

**Kasia:** Absolutely. First, Poland is one of the largest EU economies. If I'm not mistaken, we're now the 20th largest economy in the world, recently surpassing Japan. Second, with a population of around 40 million, Poland represents a substantial market. Third, we're innovative and receptive to new technologies. We may not be as cutting-edge as the Baltic states—who deliberately positioned themselves as tech leaders—but Poland is close. Our firms and citizens are very open to AI and other new technologies.

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**Jonathan:** So what role do you see Eastern Europe playing in shaping the future of these technologies? For instance, how does AI regulation look right now in the broader European and global context?

**Kasia:** Our biggest problem is financing. Compared to the U.S., our capital markets are very small, which is the main obstacle for innovation. Regulations are complex, but startups could manage them if they had sufficient funding. Without it, talent often leaves. For example, Wojciech Zaremba, one of the co-founders of OpenAI, is Polish. He studied here but moved to the U.S. to build his career. We have talented people with brilliant ideas, but not the right environment to support them. Governments need to create that environment to retain innovators.

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**Jonathan:** Let's pivot to legal challenges. You mentioned MiCA earlier. What are some of the broader legal issues startups face in the region, especially in areas like crypto and AI?

**Kasia:** Overregulation is the main challenge. As a lawyer, I thrive on regulation, but for startups it's tough. They don't have enough funds to comply with all the legal requirements. Often they must choose between spending on marketing or on compliance, and naturally marketing wins. Compliance is extremely complicated. Firms need to address the AI Act, GDPR (with national details), the Digital Services Act, the Digital Markets Act, anti-money laundering laws, financial regulations, and more. Directives require national implementation, so there's an added layer of country-specific rules. Sometimes regulations even conflict—for example, GDPR's data minimization can clash with AML obligations to collect detailed client data. For firms outside the EU, this complexity is daunting. Either they need significant funds to comply fully, or they must pick and choose which regulations to prioritize.

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**Jonathan:** Is this situation unique to Poland, or is it an EU-wide issue?

**Kasia:** Generally it's EU-wide, because most regulations are European. The main difference between countries is in enforcement. For example, in the Baltics regulators are known for being approachable and willing to talk with new market players. You can call them, meet with them, and get clarity. Switzerland is similar. But in Poland, Germany, and France, proceedings with regulators tend to be lengthy and burdensome. This is especially challenging in fintech. Firms want licenses quickly—ideally within six months. In the EU, including Poland, it can take nearly two years. In fintech or AI, two years is an eternity.

Technology and business models evolve so quickly that by the time a license is issued, the business may have moved on. That's why we need systemic change in Europe; otherwise key players will move to the U.S., China, or elsewhere.

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**Jonathan:** Let's talk about financial institutions and insurers. How are they adapting to digitalization and emerging technologies?

**Kasia:** Their approach has evolved. At first, Polish banks and insurers were hesitant about blockchain. Now they're exploring how to use it for profit. Often they partner with fintechs—both domestic and foreign—and even set up programs to support startups with legal and IT assistance. I also see banks and insurers collaborating on data sharing. They understand that data is a core asset. For example, combining customer data from banks and insurers could yield valuable insights. The challenge is anonymizing data enough to comply with GDPR, while still preserving its value. I worked on such a project, which was fascinating because it combined legal and technical problem-solving. Polish financial institutions are also quite adaptive compared to some European counterparts. German banks, for example, are more conservative because their clients are more traditional. In Poland, consumers are receptive, which encourages experimentation. We now have millions of blockchain and crypto accounts—more than stock investment accounts. As for AI, financial institutions are very enthusiastic. When we reached out about AI governance, many responded that they already had AI projects underway. Some are building their own algorithms, others are adopting market-leading tools. They're using AI for customer care, investment decision-making, and even HR processes like recruitment. Sometimes, though, they push too far—for example, I saw a client propose a fully AI-driven recruitment process with no human involvement, which would clearly be illegal under EU law.

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**Jonathan:** Let's shift to data privacy. What trends are you seeing in Poland and the region?

**Kasia:** GDPR is pan-European, but national interpretations and enforcement differ. In Poland, about 20% of data protection law is shaped by national judgments and decisions, which creates specific nuances. Awareness has grown significantly. Ten years ago, hardly anyone cared about data protection. Now every law firm—even boutiques—has a data protection practice. But sometimes GDPR is misused. For example, clients of insurers sometimes file fraudulent complaints, threatening to report companies unless they're compensated. Our regulator often issues very high fines in the first instance, but many are overturned in administrative courts. That's a particularly Polish phenomenon—the rate of overturned decisions here is unusually high. It's also important to note that GDPR isn't the

only relevant law. For example, anti-money laundering or insurance obligations may require retaining data longer than GDPR would otherwise allow. Firms need to explain this clearly to customers, not just in legal terms but with empathy, since emotions play a big role in how clients perceive data use.

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**Jonathan:** Isn't it surprising how much emotion matters in legal practice? It's not just about getting the law right anymore.

**Kasia:** Absolutely. In the era of AI, producing a solid legal opinion will become easier, so what will matter more is how you treat clients and communicate with them. Soft skills will be even more important than technical knowledge in the future.

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**Jonathan:** Before we wrap up, let's touch on M\&A. You advise companies on cross-border transactions. What should they keep in mind when looking at deals in Poland or neighboring countries?

**Kasia:** My perspective is regulatory rather than transactional. In M\&A, we often find targets that are noncompliant with laws that have been in place for years—like GDPR. Companies may think they're compliant, but Polish interpretations can require additional measures. This isn't limited to data protection—it applies to payments, banking, capital markets, and more. European laws provide the baseline, but you always need to account for national implementations and enforcement. That's the most important thing for foreign companies to keep in mind.

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**Jonathan:** That's excellent advice. Kasia, this has been such a fun conversation. I look forward to seeing you in person soon.

**Kasia:** Likewise—it's been a pleasure to be here with you today.