



MANAGING THE
IMPACTS OF
COVID-19

May 2020

DECREE-LAW No. 10-H/2020, OF 26 MARCH

Establishes exceptional temporary measures to promote the acceptance of card-based payments in the context of the COVID-19 pandemic

In the context of the current pandemic, exceptional temporary measures have been established for card-based payments, including:

- The **suspension of the charge of the fixed component of any commission** paid by beneficiaries of card-based payment transactions made at **automatic payment terminals**;
- The **prohibition on creating new (fixed or variable) commissions or increasing the variable components of commissions per transaction**, as well as other existing fixed commissions due for the use of automatic payment terminals;
- The **prohibition of refusal to accept or the imposition of limits** (including the imposition of minimum amounts) **on the acceptance of payment cards** when purchasing any goods or services.

Measures to Support Start-ups

The Portuguese Government presented seven measures to support national start-ups in the context of the Covid-19 pandemic, amounting to more than EUR 25 million¹. We would highlight the following:

- **Mezzanine Funding for Start-ups:** A loan convertible into share capital (shareholder loans), after 12 months, with a discount rate to avoid the dilution of promoters. Average investment tickets of between EUR 50,000 and EUR 100,000 per start-up;
- **Launch of Covid-19 Portugal Ventures:** Launch of Portugal Ventures Call for investments in start-ups, with tickets starting from EUR 50,000. Initiative financed

through the Portuguese Development Financial Institution (IFD), Portugal Ventures and *Imprensa Nacional – Casa da Moeda*.

In the current pandemic context, start-ups can also apply for two sources of support already in place that have been adapted to provide more effective responses, namely, the EUR 200M Fund and the Co-Investment Fund for Social Innovation.

Public Consultations by the European Commission

The European Commission has launched a public consultation on policies to support digital financing² and another on the European strategy for retail payments³, to which any stakeholder may respond until 26 June 2020.

Challenges and Opportunities in the FinTech Market

National and international FinTechs and InsurTechs can assume a key role in the context of the current pandemic and in a post-COVID-19 world, inevitably marked by urgent digital transformation.

However, it is essential to seek to minimise the impact of the pandemic and resulting market contraction on their activity, by ensuring that they have liquidity and can benefit from support measures to continue developing new solutions, that the market is stimulated and that there is support/incentives for innovation, thus creating space for new partnerships and for the provision of original digital solutions by FinTechs and InsurTechs.

[Footnote 1 – <https://covid19estamoson.gov.pt/iniciativas-nacionais/>]

[Footnote 2 – https://ec.europa.eu/info/consultations/finance-2020-digital-finance-strategy_en]

[Footnote 3 – https://ec.europa.eu/info/consultations/finance-2020-retail-payments-strategy_en]

Regarding the need for liquidity, consideration should be given to start-ups' adherence to support measures, the Capitalizar 2018 - COVID-19 (EUR 400M) credit line, and the moratorium regime resulting from Decree-Law No. 10-J/2020, of 26 March 2020, as well as any other measures that may, even if indirectly, contribute to the mitigation and management of the financial impact of the current pandemic, such as recourse to the extraordinary measures relating to compliance with tax obligations and applicable labour relations.

Note: To keep our clients informed on the impacts of Covid-19 on their activities, VdA has set up a team dedicated to Covid-19 related issues in Portugal, providing relevant, up-to-date information across all practice areas. This information is available on our website at www.vda.pt.

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