

by Erik Howell and Alessandro Mighetto, 6 March 2025

Wero: The European Challenger Digital Wallet

Wero, an A2A digital wallet from the European Payment Initiative (EPI), aims to (eventually) provide a pan-European instant payment solution as an alternative to foreign-owned schemes. Initially launched in Germany, France, and Belgium for P2P payments, it will soon expand to include POS and e-commerce, and seeks to prioritize trust, efficiency, and adaptability for diverse stakeholders across Europe.

Overview

Wero utilizes the SEPA Instant Credit Transfer protocol and existing account-to-account (A2A) rails to enable rapid funds transfers between users' bank accounts. With Wero, users can send and receive money within 10 seconds using a phone number, email address, or app-generated QR code. Since its launch in July 2024, Wero has gained 14 million users and processed 8 million transactions in live markets (as of November 2024)¹.

EPI, a joint venture between 14 European banks, has alluded to several goals to transform the European payments landscape:

- **Create a Unified Payment Solution:** Develop a seamless and unified payment method for consumers and merchants across Europe, improving convenience and interoperability throughout the region;
- **Support Instant Payments:** Enable instant A2A payments to ensure quick and efficient transaction processing across the Eurozone;
- **Promote Digital Wallets:** Drive widespread adoption of digital wallets, establishing them as a standard payment option for European consumers;
- **Enhance Consumer Experience:** Simplify payments and make transactions more accessible, improving the overall user experience; and,
- **Enhance Europe's Independence in Payments:** Strengthen Europe's financial autonomy by offering a local alternative to global payment systems like PayPal, Visa, and Mastercard. This homegrown solution aims to reduce reliance on international providers, increase control over Europe's payments infrastructure, and foster a resilient, self-sufficient financial ecosystem.

To date, Wero has launched in Germany, France, and Belgium and currently supports only P2P (peer-to-peer) transactions. In 2025, EPI plans to expand Wero's geographic reach to additional EU member states, starting with the Netherlands, and to introduce C2B (consumer-to-business) use cases. Future developments on the roadmap include Buy Now, Pay Later (BNPL), loyalty programs, recurring payments, and more.

¹ <https://epicompany.eu/media-insights/wero-shows-first-results-2>

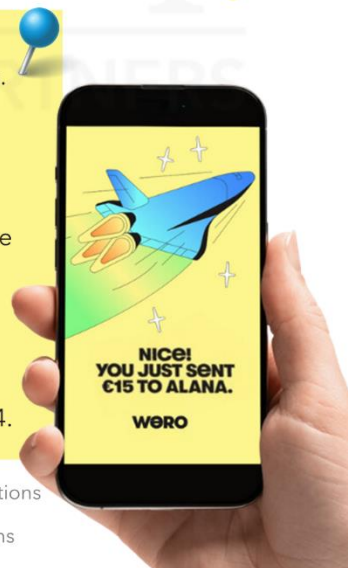
Figure 1: Wero's Product Offering and Business Model
(non-exhaustive)

FEATURES	USE CASES AND FORM FACTORS	FUTURE ROADMAP
<ul style="list-style-type: none"> A2A Payments Mobile Digital Wallet Banking Integration Instant Settlement Availability 	<ul style="list-style-type: none"> P2P, P2Pro¹ <ul style="list-style-type: none"> QR Codes Generation Contact List Payments C2B <ul style="list-style-type: none"> E-Commerce (Planned for 2025) Point-of-Sale (Planned for 2026) 	<ul style="list-style-type: none"> BNPL Loyalty Program Recurring Payments Shared Spending Utility/Bill Payments

LAUNCH STATUS



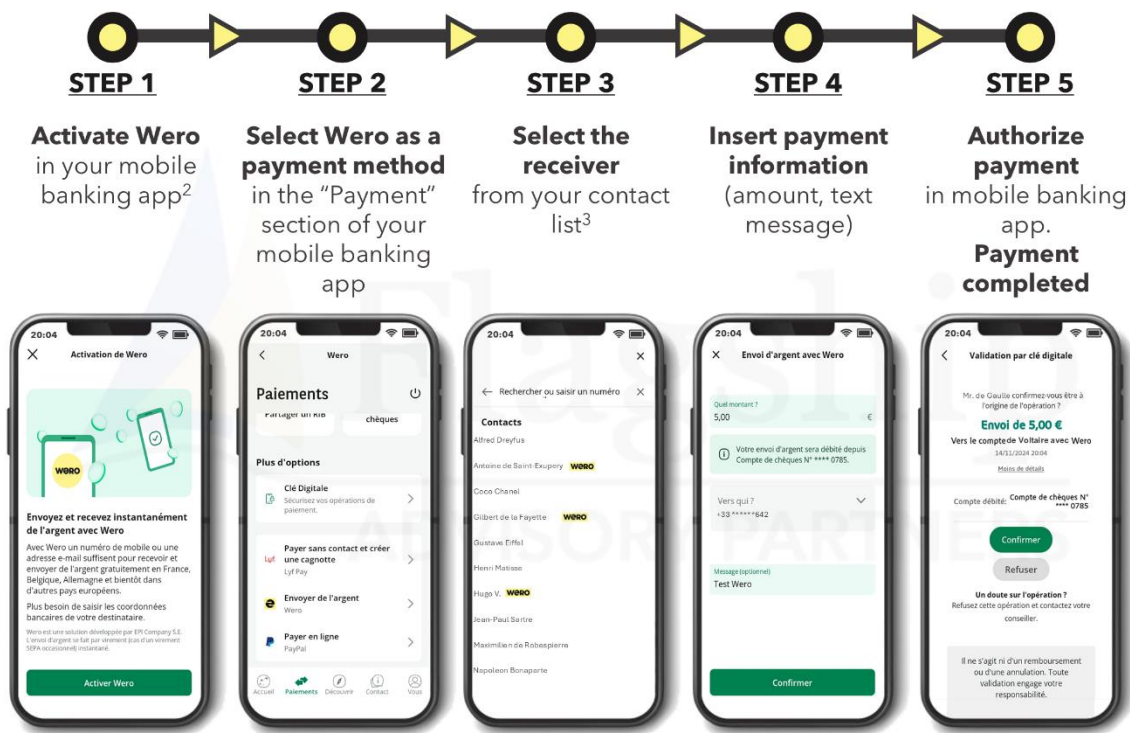
- Wero, developed under the European Payments Initiative (EPI), is a new A2A payment solution. Wero functions as a pass-through digital wallet and a presentation layer integrated into existing banking apps.
- Wero leverages the SEPA Instant Credit Transfer protocol to enable quick transfers between users' bank accounts.
- Users can transfer funds to non-users within 10 seconds using a phone number, email address, or app-generated QR code.
- Wero's business model focuses on offering a cost-effective alternative to traditional card payments by eliminating interchange fees.
- EPI's main goals are to enhance Europe's independence from US-based payment systems (e.g., PayPal, Visa, MasterCard) and build a unified payment solution across the Eurozone (which currently has a fragmented landscape of domestic and alternative payments).
- As of November 2024, EPI had enrolled 14 million users to Wero wallet and processed 8 million transactions since its launch in July '24.



Notes: ¹P2Pro stands for Person-to-Professional, a feature designed to facilitate transactions between individual and service professionals; ² Not announced yet
Sources: Wero, EPI, company websites, Flagship Advisory Partners market observations
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Figure 2 illustrates the process of a Wero P2P transaction through the BNP Paribas mobile banking app in France. Once Wero is activated within the app, users can select a recipient from their contact list, if the recipient has also activated Wero in their banking app. To complete the transaction, the user enters the payment amount and authorizes it within the app, typically using a one-time password (OTP) or similar security measures.

Figure 2: Wero's P2P Payment Flow
(Example of BNP Paribas' customer experience in France¹)



Notes: ¹ Please note that Wero's P2P payment flow may vary by bank's security procedures, requiring customers to complete different steps for payment authentication. ² Wero needs to be activate in the mobile banking app only once. ³ The mobile banking app shows all the list of contacts from your phone but the receiver needs to have Wero activated to receive the transaction.

Sources: Wero, EPI, company websites, Flagship Advisory Partners market observations
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European Payments Initiative (EPI)

Europe has a history of unsuccessful pan-European collaborations aimed at launching new payment schemes and harmonizing the European payments landscape. As shown in Figure 3, the challenges faced by such initiatives are not new. Many have failed due to a range of factors, including a lack of political alignment and insufficient commitment among stakeholders (e.g., EPI's initial phase, the Monnet Project), the absence of a compelling value proposition that meets unmet market needs (e.g., the Euro Alliance of Payment Schemes), and/or misaligned priorities within different local market structures (as seen with PayFair).

Figure 3: Timeline of Prior European-Level Scheme Challenges

2012	<p>European Savings Banks Financial Services</p> 	<ul style="list-style-type: none"> ▪ Founded 1988; a European interbank network connecting the ATMs of savings banks in 13 European countries; largest and the only international credit union-owned interbank network in Europe ▪ Launched POS operations in their EUFISERV Card Scheme as a Pan-Europe ATM network ▪ Precursor to the EAPS initiative <p>Ceased activity in 2012</p>
2012	<p>The Monnet Project</p>	<ul style="list-style-type: none"> ▪ Founded in 2008 initially as a French-German initiative, later extended to 24 European banks from 7 EU countries to create a new European card system and scheme to compete with Mastercard and VISA ▪ Never launched as participating banks cited a lack of a viable business model and European Commission failed to support the intended multilateral interbank fees <p>Discontinued after 4-year assessment-phase in 2012</p>
2013	<p>Euro Alliance of Payment Schemes (EAPS)</p>	<ul style="list-style-type: none"> ▪ Founded in 2013 as an attempt to build a payment system based on interoperability, linking national debit card systems to process cross border transactions across the EU ▪ Large catalyst for failure was Spain and Portugal's domestic schemes exit <p>Abandoned after 6 years in 2013</p>
2014	<p>payfair</p>  <p>"My Card"®</p>	<ul style="list-style-type: none"> ▪ Founded by the Euro Alliance of Payment Schemes (EAPS) in 2007 ▪ Launched in Belgium in 2009 under the banner of "One card for one Europe" however failed to gain sufficient acceptance beyond Belgium <p>Operated solely in Belgium for 7 years until 2014</p>
2022	<p>EPI European Payments Initiative</p> 	<ul style="list-style-type: none"> ▪ Launched in 2020 by 16 European banks, growing the support of 31 European banks and acquirers (Worldline and Nets) ▪ 20 European banks dropped out to focus on initiative i.e., instant payments <p>Rebranded (epi) and focus shifted on a digital wallet and instant payment solution (WERO)</p>
2023	<p>P27 Nordic Payments</p> 	<ul style="list-style-type: none"> ▪ Interim company established between 6 Nordic banks across Sweden, Finland, and Denmark ▪ Aim to establish a common clearing platform for payments in DKK, EUR, SEK, and eventually NOK <p>2nd clearing application withdrawn in 2023</p>

Sources: Company website, Flagship Advisory Partners market observations
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Launched in July 2020, the European Payments Initiative (EPI) represented a collaborative effort led by 14 major banks and two payment service providers (PSPs), with the initial goal of creating a pan-European payments network to rival Visa and Mastercard. However, this ambition faltered in March 2022, when 20 supporting banks, including all Spanish members, withdrew from the project. Consequently, the remaining founding members were forced to abandon their plans for a competing payments network. In light of these developments, EPI shifted its focus to developing a digital wallet and instant payment system.

EPI's founding members include some of the EU's largest and most influential banks, representing over 75% of retail banking customers in Belgium, France, and Germany². Each bank member holds 6.49% of EPI's share capital, while PSPs Nexi and Worldline each hold 4.55%. EPI increased its capital from €99 million in 2022 to €329 million in 2023 in order to acquire two major local payment solutions: the highly successful Dutch remote commerce A2A method, iDEAL, and the Belgian A2A solution, Payconiq. EPI's balance sheet reflects the acquisitions, with €92 million recorded as goodwill.

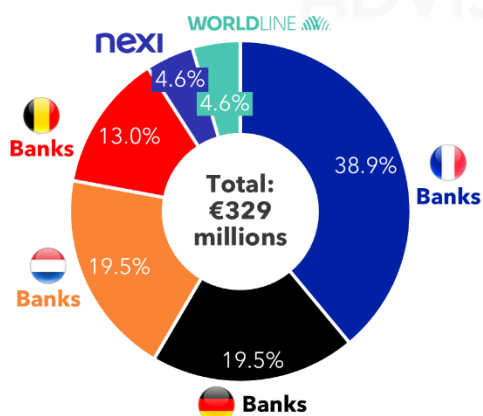
² <https://epicompany.eu/members>

As of December 31, 2023, EPI had invested €14 million in development costs for the Wero digital wallet, classified as intangible fixed assets³. This amount could increase substantially in 2024 and beyond as EPI rolls out its services across European countries, incorporates POS and e-commerce capabilities, and integrates current (and future?) acquired assets.

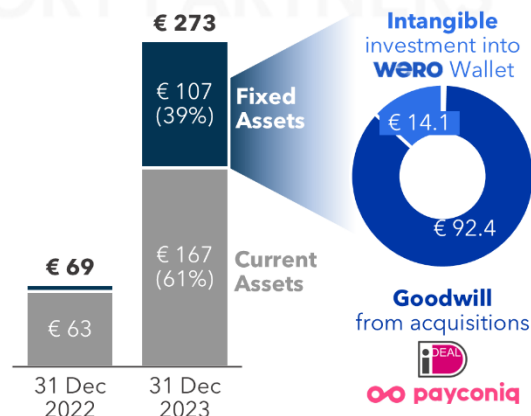
Figure 4: EPI's Founding Members



SHARE CAPITAL DISTRIBUTION OF EPI'S MEMBERS
(as of 31st Dec 2023)



EPI TOTAL ASSETS
(in € millions)

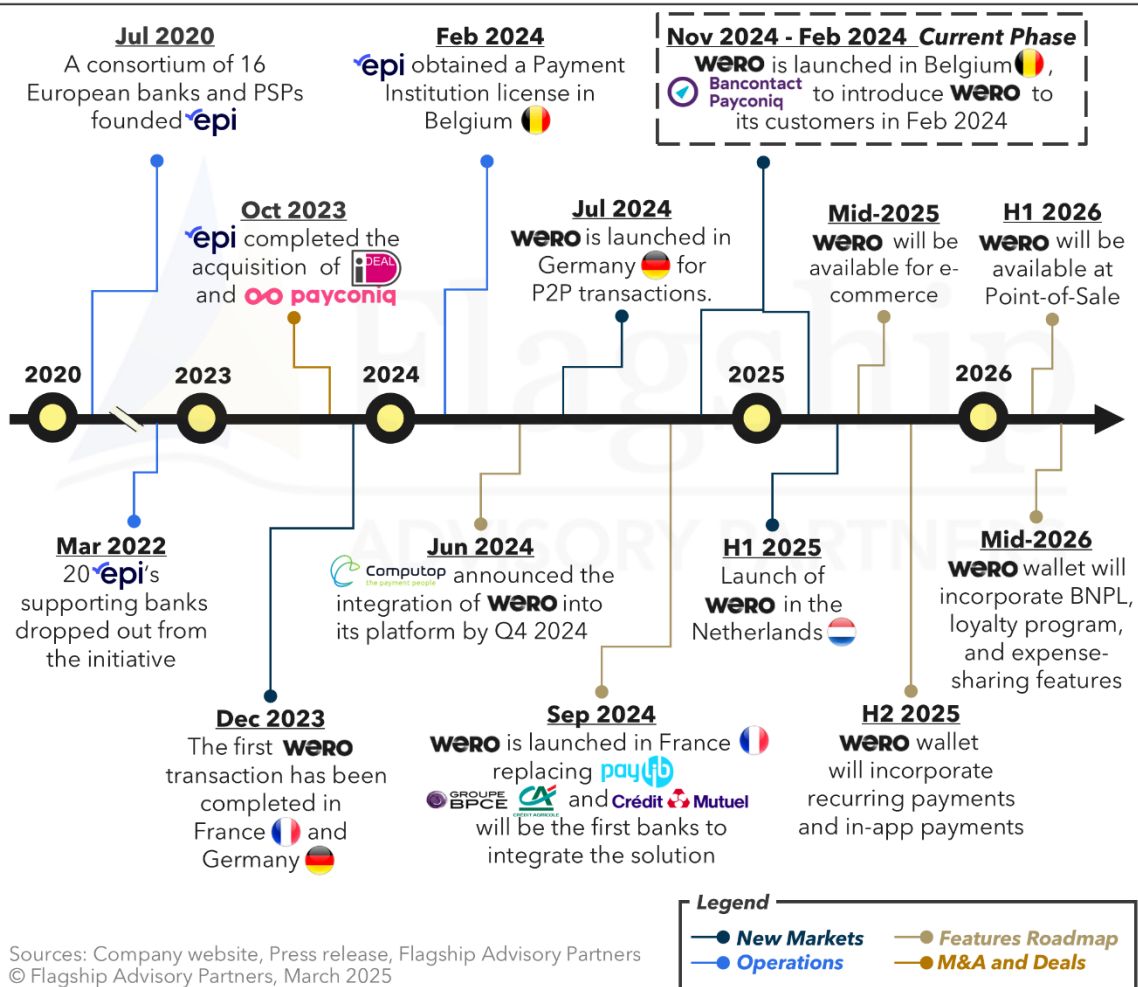


Sources: Company website, National Bank of Belgium, Flagship Advisory Partners analysis and market observations © Flagship Advisory Partners, March 2025

EPI has taken significant steps to advance Wero's development. As noted above, EPI acquired iDEAL and Payconiq, and also obtained a payment institution license from the National Bank of Belgium – paving the way for Wero's launch in Germany, France, and Belgium. As of February 2025, Belgian scheme Bancontact announced Wero's rollout to Belgian merchants, and plans to phase out the Payconiq brand by 2026. Looking ahead, EPI intends to introduce Wero to the Netherlands and expand its features by mid-2025, and add new partners such as PPRO to help facilitate Wero's e/m commerce and in-store payments flows.

³ EPI's 2023 Financial Statements from National Bank of Belgium (<https://www.nbb.be/en>)

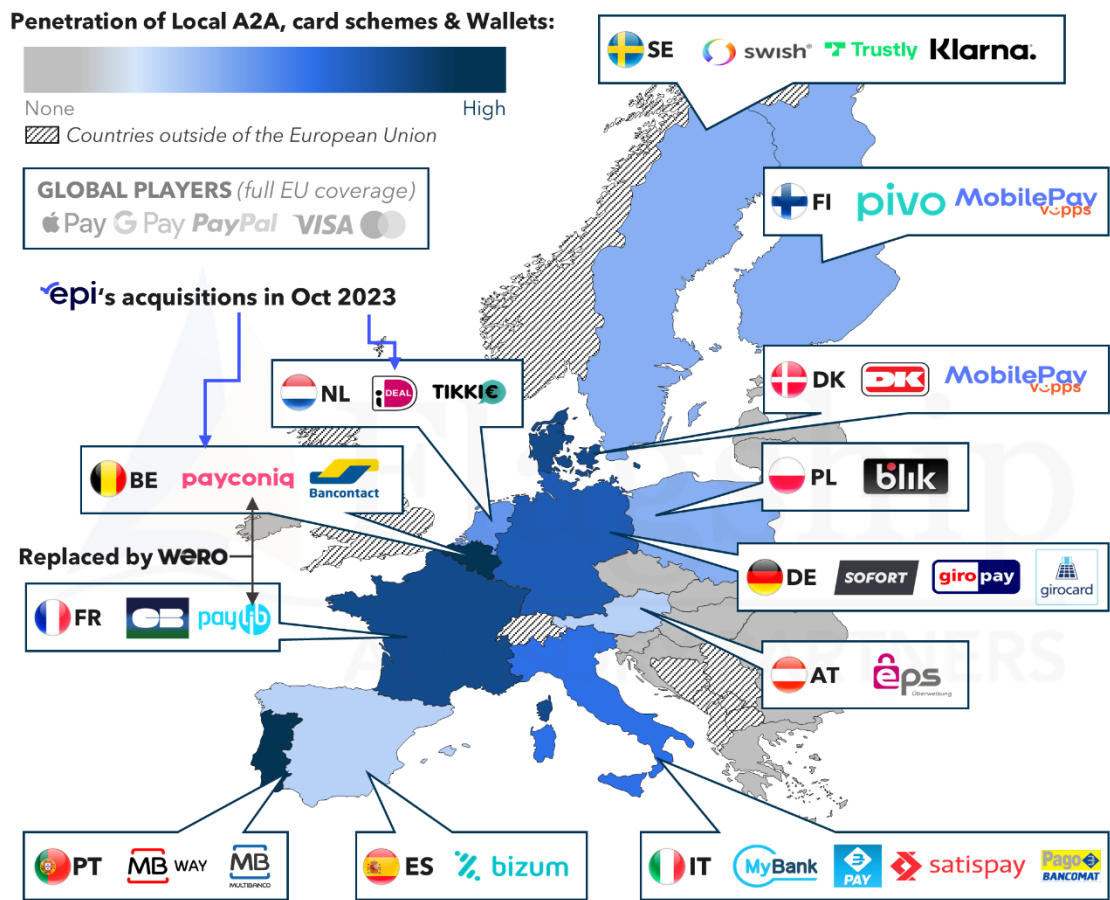
Figure 5: Wero Timeline
(non-exhaustive)



Market Landscape

Outside of Visa and MasterCard, Europe's payment landscape is fragmented, with various payment methods, local card schemes, A2A bank coalition schemes, digital wallets, and BNPL options available (see Figure 6). While non-European wallet providers such as PayPal, Apple, and Google have successfully expanded across Europe, EPI's Wero aims to establish a unified and local alternative. However, to achieve sustainable market penetration, EPI must navigate the challenges posed by Europe's fragmented ecosystem of local schemes and wallets, while meeting the underlying needs of stakeholders. Principally among these is to overcome the "chicken or egg" dilemma inherent in all new payment methods, ideally by solving an unmet customer need (or significantly improving on a customer need that has already been met) while offering a compelling business case to merchants, PSPs, issuers and other stakeholders.

Figure 6: European Local Schemes and Key APMs
(all channels, non-exhaustive)



Sources: Global Data, ECB, Flagship Advisory Partners analysis and market observations
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Conclusions

Wero is an intriguing initiative due to its ambitions, bank backers, significant investment capital, and M&A-led approach of acquiring local A2A schemes. Skeptics can rightly point to the long history of European payment scheme failures (see Figure 3), EPI's slow development timeline, basic initial products, lack of serving unmet customer needs, lack of compelling reasons for consumers to change behavior, lack of clarity around roadmap, and lack of a compelling business case for stakeholders.

Proponents can rightly point to the success of A2A in Europe (compared to other regions), the need to harmonize a fragmented European payments landscape (and subsequent benefits of interoperability and scale), and the benefits of Europe controlling its own payments destiny in a changing geopolitical landscape. The eventual truth is likely somewhere in the middle, and while it is still too early to draw meaningful conclusions, large, well-funded projects like EPI/Wero are relevant to the industry.

EPI/Wero's ultimate success and impact will ultimately depend on how it addresses several currently unclear questions:

- **Future Political Support:** challenging successful, widely adopted incumbents (e.g., Visa, MasterCard) and well-positioned local incumbents (e.g., Blik) is challenging regardless of the industry. Experience shows that if governments and/or regulators throw their weight behind new initiatives, the probability of success increases dramatically (e.g., Pix in Brazil). Will the European Union and/or the European Central Bank proactively support Wero in a more meaningful way than just a cheerleading role, such as a combination with the Digital Euro initiative, or embedding Wero more fundamentally into SEPA payments infrastructure?
- **Overcoming Inertia:** changing stakeholder behavior (particularly consumers) is notoriously difficult, and requires either the right combination of levers (as noted above - meeting unmet needs, improving on existing solutions, business case, etc.) or a true “killer app” that incents change. Although Wero’s M&A-led strategy of acquiring local payment schemes is a logical path to market, is that enough to win (and do other schemes want to sell?), and if not, what else is in the works to overcome classic chicken or egg problems?
- **Ability to Power Continued Growth:** Assuming Wero is successful, how will it restructure itself to remain successful in an ever-evolving payments landscape? In the absence of state intervention (first point above), coalitions of corporations have not proven to be a highly successful form of ownership due to competing priorities, different attitudes to investment, etc. As Visa and MasterCard changed first to member-owned associations and then later were spun-off into publicly traded companies, what will a successful Wero look like that will enable it to sustainably power continuous growth? And whose capital will be used to get it to that point, how much more capital will be needed, how long will that journey take, and will the current and future owners have the patience and willpower to fund it?

In addition to these strategic questions, there is a long list of more detailed, tactical questions to be answered, for example:

- **E-commerce Checkout Flow and User Experience (UX):** Uncertainty around how smoothly Wero will integrate into online shopping platforms. A seamless, intuitive experience is essential to reduce cart abandonment and drive adoption.
- **Retail POS Payments Applications:** Technically unclear how Wero will enable POS payments (e.g., QR codes, NFC) and how it will compete with contactless card payments or popular wallets like Apple Pay and Google Pay.
- **Value-Added Services (VAS) and Loyalty Features:** Lack of clarity around incorporating VAS or loyalty features, which are important for user engagement. Details about these roadmap items have not yet been defined.
- **Commercial Model and Incentives:** EPI intends to offer a more affordable and convenient payment solution, with Wero expected to provide an attractive model for retailers. However, while the model remains undefined, Wero's future success depends on providing competitive margins and incentives for all stakeholders in the payment ecosystem, which are still uncertain.

As with all big initiatives with political overtones, Wero will be one to watch. While we have tried to outline a balanced perspective in the overview and analysis above, we welcome your comments and your thoughts on what we missed!

Please do not hesitate to respond to our posts in social media channels or reach out directly to Erik Howell at Erik@FlagshipAP.com and Alessandro Mighetto at Alessandro@FlagshipAP.com with your comments or questions.