From domestic wallets to the Digital Euro

How to navigate Europe's payments sovereignty maze

Tanya Juul Kjaer - Worldline

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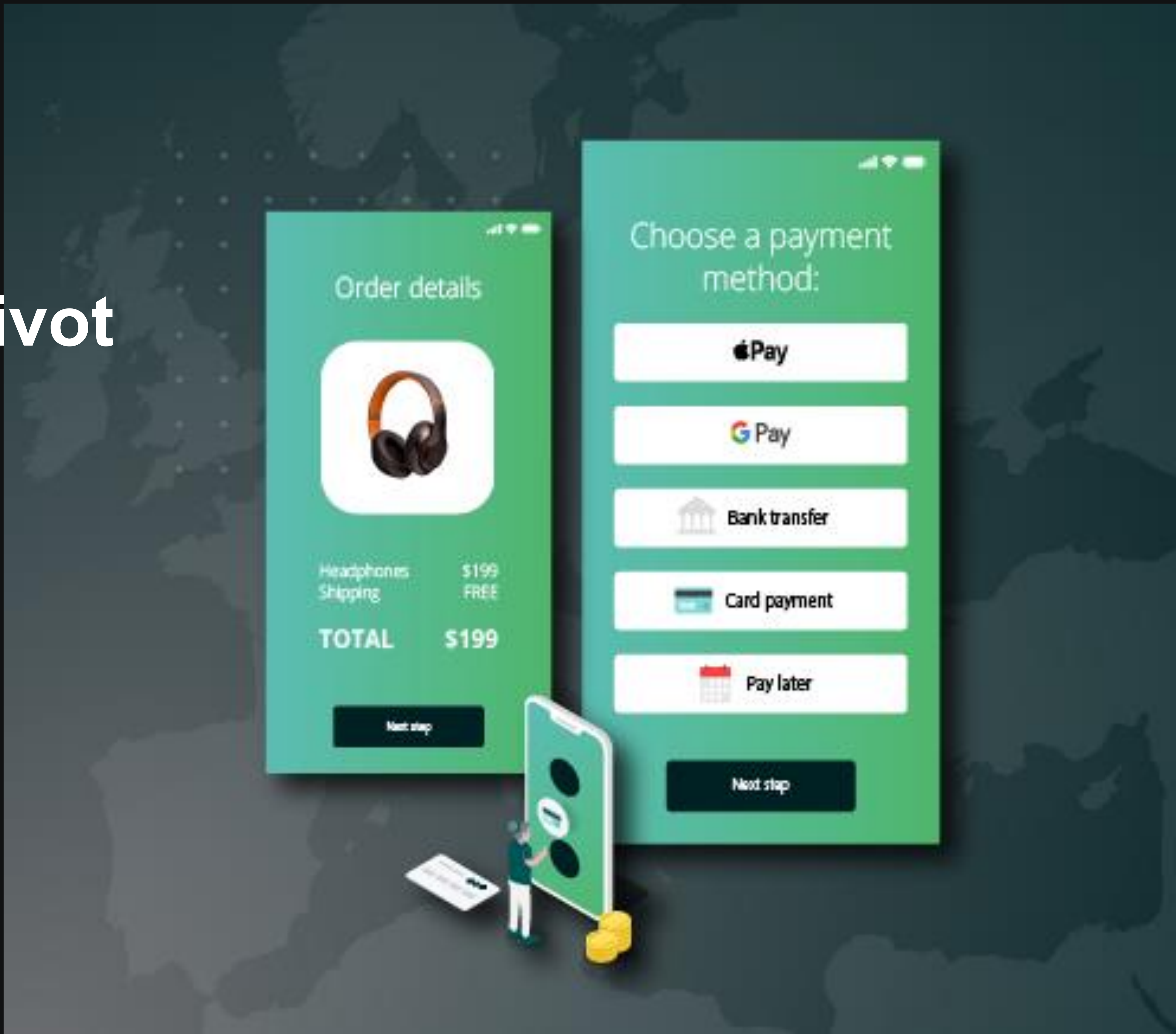
The Payments Pivot

The trends that shape Europeans

A broad look at the evolution of how we pay



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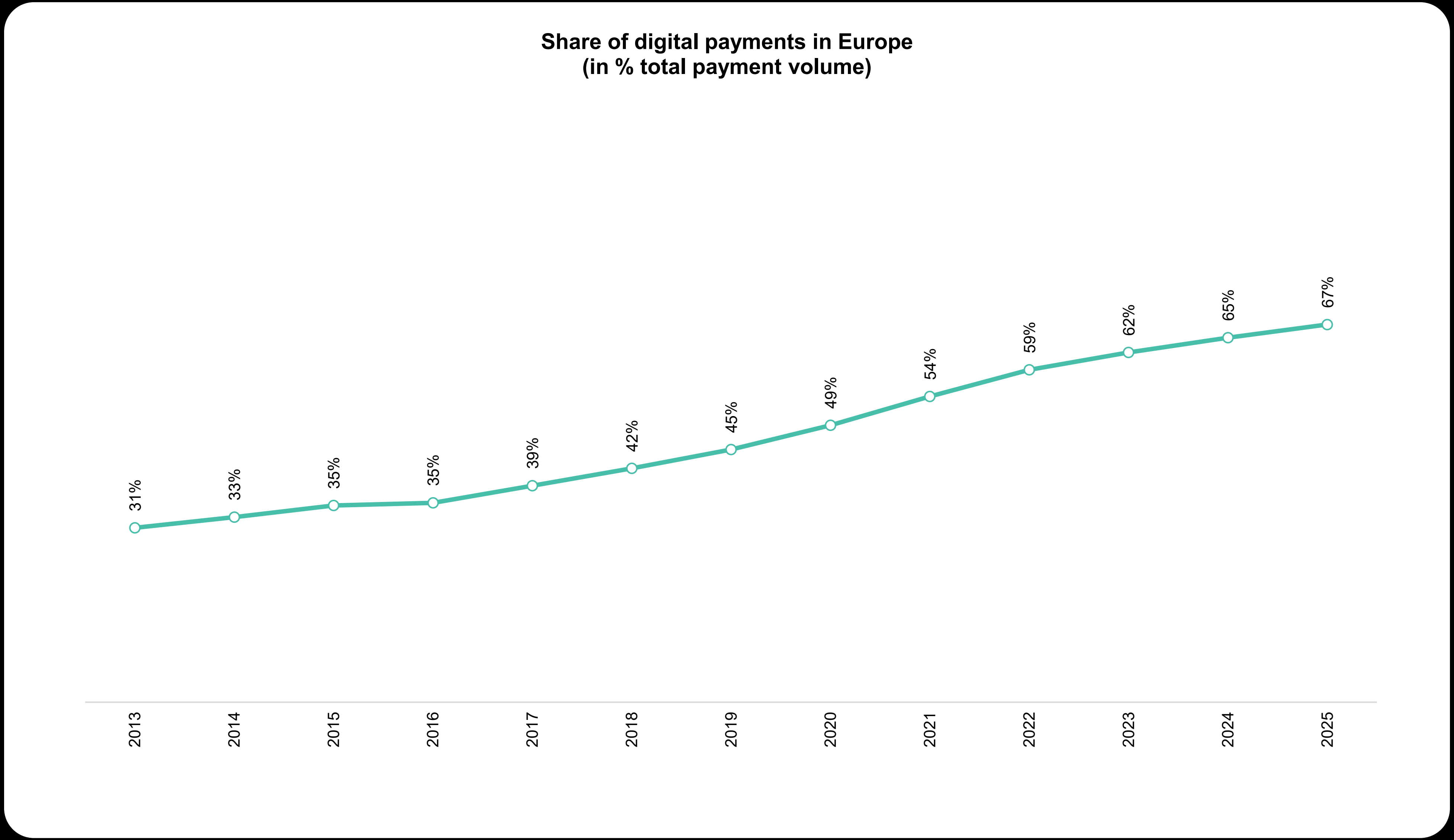
Digitalisation still at play in Europe

35%

Cash

accounted for 35% of total payment transactions in Europe in 2024



The dynamics of mobile payments in Europe

P2P wallets

Deeply local and eating away at the domestic schemes

70% *Market share in their respective countries*

Vipps	4,2 millions users in Norway
TWINT	5 millions users in Switzerland
Swish	8,6 millions users in Sweden
Blik	22 millions users in Poland
iDEAL	10 millions users in the NL
MB WAY	5 millions users in Portugal
MobilePay	6,5 millions users in Denmark and Finland
Payconiq Bancontact	5 millions users in Belgium
bizum	25 millions users in Spain
paylib	15 millions users in France
giropay	45 millions users in Germany
BANCOMAT PAY	11,5 millions users in Italy

The Payments Pivot

Sovereignty, competition, and the merchant’s strategic choice

The way Europe pays has become a central issue of its political and economic future.

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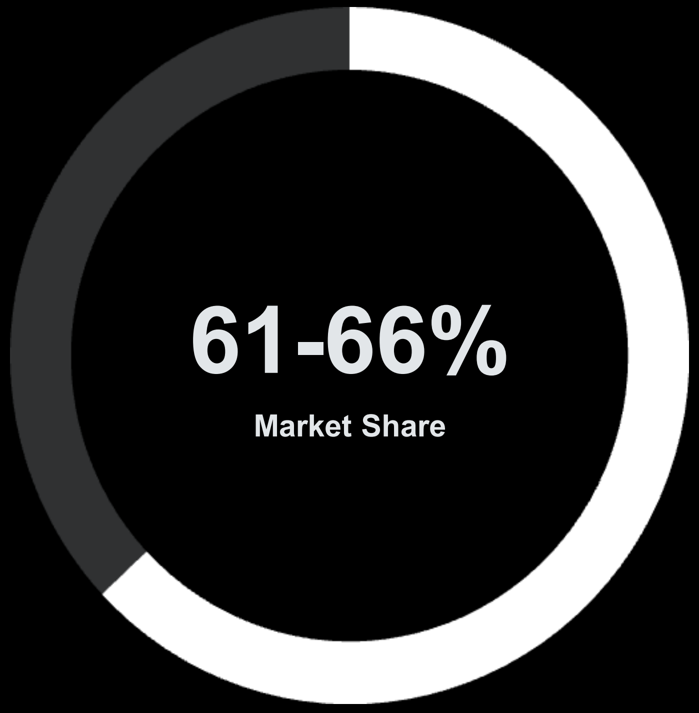
The Problem (Economic)

A Concentrated Market: The Price of Convenience

International card schemes process **61-66% of Euro area card payments**.

This market concentration limits competition, drives up transaction costs for merchants, and creates a continuous "hidden tax" on European commerce.

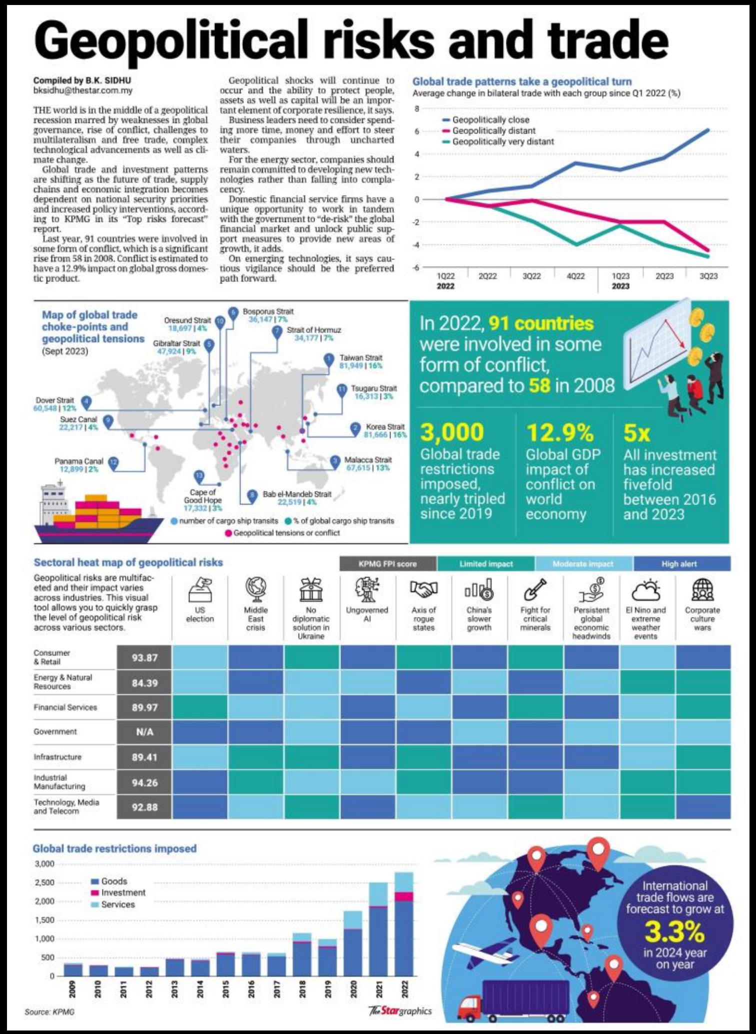
- Average merchant service charges: 0.8-1.2% for debit, 1.5-2.5% for credit cards
- Annual cost to European merchants: estimated €10-15 billion in interchange and scheme fees
- Limited negotiating power for small and medium enterprises



The Problem (Political)

Beyond Price: The Geopolitical Imperative

Europe's ambition to be a global power is challenged by its deep reliance on foreign payment infrastructure.



Systemic Vulnerability

This dependency creates systemic vulnerabilities, exposing the European economy to external decisions and pressures from non-European actors.

Geopolitical Risks

- External jurisdictions can impact European payment data and financial flows.
- Increased susceptibility to third-country sanctions regimes and economic leverage.
- Reduced control and limited maneuverability during times of geopolitical tension.
- Over-reliance on foreign technology infrastructure diminishes strategic autonomy.

Payment Weaponization

A critical threat is the potential for **"payment weaponization,"** where foreign legal or geopolitical decisions could directly disrupt European financial stability and trade.

Comparison

Lessons in Autonomy: The PIX and UPI Model

Successful, high-scale national instant payment systems demonstrate that domestic, market-driven instant payment rails can succeed and foster innovation.

Brazil's PIX

- Launched: November 2020
- Adoption: 150+ million users (70% of population)
- Volume: 42 billion transactions in 2023
- Cost: Free for individuals, low cost for merchants
- Impact: Reduced cash usage by 30%

Key Success Factor: Central Bank-led infrastructure with mandatory bank participation

India's UPI

- Launched: April 2016
- Adoption: 400+ million users
- Volume: 131 billion transactions in 2023 (worth $2 trillion)
- Cost: Zero merchant discount rate for most transactions
- Impact: 46% of digital payments in India

Key Success Factor: Open API architecture enabling fintech innovation

Distinction: These are **A2A clearing mechanisms**, not Central Bank Digital Currencies (CBDCs).

The battle of the European Payment Rails

Sovereignty

epi European Payments Initiative

wero

EuroPA

MB WAY
BANCOMAT
blik
MobilePay
vipps
bizum

Digital Euro

Solution Overview

The European Ambition: Two Pillars of Sovereignty

Europe is pursuing two concurrent solutions to achieve payment sovereignty and resilience.

Pillar 1: Wero (EPI)

Market-driven, Competitive

A unified European payment solution built by banks and payment service providers to compete directly with international card schemes.

- Private sector initiative
- Account-to-Account (A2A) payments
- Pan-European reach
- Lower merchant costs

Pillar 2: Digital Euro

Public-driven, Foundational/Sovereign

A central bank digital currency providing a risk-free public digital means of payment and systemic resilience backstop.

- European Central Bank initiative
- Sovereign digital currency
- Universal acceptance mandate
- Strategic autonomy guarantee

Details & Status

Pillar 1: Wero (EPI) - The Market's Response

Objective: A unified, cheaper Account-to-Account (A2A) solution designed to replace fragmented national systems and compete with international giants.

1. **July 2024**
   P2P payments launched in Germany, France, Belgium
2. **Q3 2025 - Q1 2026**
   E-commerce rollout beginning
3. **2026-2027**
   Point-of-sale expansion planned
4. **2028+**
   Full pan-European coverage target

Current Status

Status Check: very early stage (P2P launched; eCom rollout starting Q3 2025/Q1 2026).

- 16 major European banks as shareholders
- Initial coverage: 5 countries
- Target merchant fee: 0.2-0.3% (vs 1-2% for cards)

Key Features

- Instant settlement
- SEPA Instant Credit Transfer based
- QR code and NFC support
- Request-to-pay functionality
- Integrated with existing banking apps

Details & Status

Pillar 2: The Digital Euro - The Public Backstop

Objective: To provide a sovereign, risk-free public digital means of payment and a necessary fall-back for systemic resilience.

01

Investigation Phase (2021-2023)

Completed: Feasibility study and design options explored

02

Preparation Phase (2023-2025)

Current: Rulebook development, prototype testing, provider selection

03

Decision Point (2025)

ECB Governing Council to decide on issuance

04

Potential Launch (2028-2029)

If approved: Gradual rollout across Eurozone

Status Check: Still in the **preparation/investigation phase**. Success depends on adoption, privacy features, and clear design.

Design Principles

- Privacy-preserving
- Offline capability
- Universal access
- Free for basic use

Key Challenges

- Bank disintermediation concerns
- Privacy vs. AML compliance
- Adoption incentives
- Technical infrastructure

Strategic Value

- Monetary sovereignty
- Financial inclusion
- Crisis resilience
- Innovation platform

The Pain Point

The Merchant's Dilemma: Navigating Complexity

Merchants face extreme fragmentation: legacy systems, dominant foreign schemes, plus the *new* Wero and the *planned* Digital Euro. **Integrating these is complex and costly in the short term.**

Current Reality

- Multiple payment terminals
- Different technical standards
- Complex reconciliation & maintenance

Short-term Costs

- Dual-running of systems
- Customer education needs
- Uncertain adoption & risks
- Management attention drain

Integration Challenges

- High technical integration costs
- Testing & certification demands
- Legacy system compatibility
- Regulatory compliance

The Key to Success

The Path to Scale: Interoperability is King

Neither Wero nor the Digital Euro can succeed alone. The crucial step is the **interoperability** between them and existing national schemes (e.g., EPI and EuroPA discussions). This transforms fragmentation into unity.

Technical Interoperability

Common standards, APIs, and messaging protocols enabling seamless communication between Wero, Digital Euro, national schemes, and legacy systems

Scheme Interoperability

EPI-EuroPA cooperation discussions ongoing to ensure pan-European reach and unified merchant acceptance infrastructure

Unified Experience

Single integration point for merchants, consistent customer experience, and seamless cross-border functionality across all European payment rails

Current Initiatives

- EPI-EuroPA technical working groups
- ECB coordination on Digital Euro integration
- SEPA Instant as common foundation
- ISO 20022 messaging standard adoption
- Request-to-pay framework harmonization

Expected Benefits

- Reduced integration complexity for merchants
- Lower total cost of ownership
- Faster pan-European rollout
- Enhanced network effects and adoption
- True alternative to international schemes

The Strategic Choice: Beyond the Interchange Fee

Shift the decision from *pure pricing* to *strategic value*. The long-term security, resilience, and reduced geopolitical risk offered by sovereign rails are the **ultimate business case**.

Strategic Resilience

Protection from geopolitical payment disruptions and external jurisdiction over your business operations

Long-term Cost Reduction

Wero targets 0.2-0.3% merchant fees vs 1-2% for cards—potential savings of 50-85% on payment processing

Data Sovereignty

Customer payment data remains within European jurisdiction and regulatory framework

Innovation Platform

Access to emerging European fintech ecosystem and value-added services built on sovereign infrastructure

Call to Action

Merchants must push their PSPs to actively enable and promote the new European options.

- Request Wero integration timelines from your payment service provider
- Participate in pilot programs and early adoption initiatives
- Advocate for interoperable solutions that reduce complexity
- Educate customers on European payment alternatives
- Join merchant associations pushing for sovereign payment infrastructure
- Make European payment options visible and preferred at checkout

Thank you!