

Western Union lays out ambitious growth plans following weak Q2

Article

The data: Western Union's consumer-to-consumer (C2C) volume declined 13% year over year (YoY) in Q2—a sharp contraction compared with 15% YoY growth in the same period last year, [per](#) its earnings presentation.

Digital C2C volume tumbled 20% YoY. Western Union's digital business was a key growth driver earlier on during the pandemic—surging 33% YoY in [Q2 2021](#).

What went wrong: Macroeconomic trends did not work in Western Union's favor.

- Inflation in key markets like the US and Europe hurt the company's performance, CEO Devin McGranahan noted on the company's earnings call.
- Geopolitical factors like the Russia-Ukraine war also took a toll: Western Union suspended operations in Russia and Belarus in March, which hurt revenues by 3.3%, according to CFO Raj Agrawal.

McGranahan said the majority of underperformance in digital business revenues stemmed from three of Western Union's largest European markets. Although he didn't say which, Russia was likely one of them.

A bright spot: Western Union secured partnerships last quarter that may have helped offset declines.

In the Middle East, it partnered with **e& money** and **Banque Saudi Fransi**—one of the largest banks in Saudi Arabia—to expand its digital business. The company also signed a deal with the **UK Post** to expand sending and receiving options for UK customers.

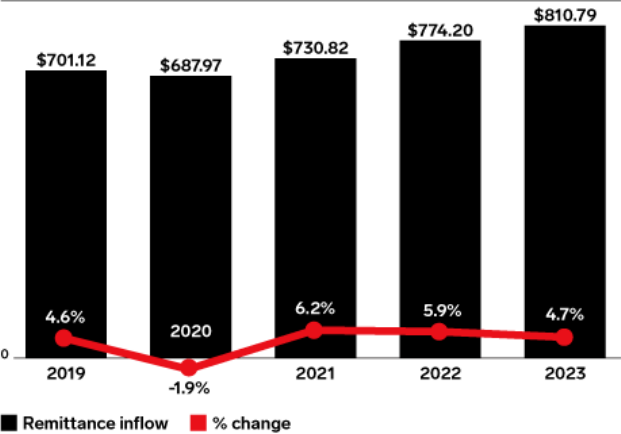
What's next? Western Union has plans underway to help it return to positive growth in the latter half of the year and contend with the myriad of digital upstart competitors.

- **Digital banking platform.** The company is working on a wallet-based digital banking pilot and a shopping platform in Europe—it brought Marqeta on board to offer customers virtual and physical cards. The company intends to integrate its branded digital solutions into the wallet to offer customers “multiple journeys” for its remittance business.
- **Improved point-of-sale (POS) capabilities.** Western Union plans to upgrade its POS system to help improve the customer experience for its suffering in-store business with features like digital receipts and ID scanning.
- **New digital tools in underserved markets.** McGranahan cited Latin America and the Caribbean as key markets for growth, specifically on the receiving side: **Latin America remittance inflow is expected to grow 8.6% YoY in 2022 and hit \$135.26 billion**, per Insider Intelligence forecasts. He said these markets are underserved by digital tools and pointed to solutions like a multicurrency digital wallet or virtual and physical debit cards to help resolve this.

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Remittance Inflow Worldwide, 2019-2023
billions and % change



Note: remittances are defined as the value of money sent home by citizens working abroad to their country of origin; global inflow is the value of all money sent to a citizen's home country while they are working abroad; examples include a citizen of Mexico working in the US and sending money back to Mexico through a financial institution or money transfer service, such as Western Union
Source: Insider Intelligence, Dec 2021