

# MoneyGram and Western Union buckle down on digital initiatives as competitive tides rise

Article

**The news:** The two legacy money transfer firms released Q3 earnings—and despite overall mixed results, both companies relayed solid digital remittance growth.

**MoneyGram's total company revenues shrank 2% year over year (YoY) on a reported basis in Q3 due to increased competition and global market headwinds.**

- Revenues contracted slightly more in **Q3** than the same period last year, when the metric declined less than 1% YoY.
- Total money transfer transactions grew 4% YoY. MoneyGram's **digital transaction volume surged 29% YoY.**
- On the company's **earnings call**, CFO Larry Angelilli attributed the revenue slip to competitive pricing at Walmart from rival **Western Union** and temporary physical retail closures in some markets.
- Looking ahead, MoneyGram recently **forged** a partnership with **Stellar Development Foundation**, a nonprofit blockchain-based organization, to facilitate cross-border payments using **Circle's** stablecoin, USD Coin (USDC). The tie-up can help expand MoneyGram's digital transformation goal—it wants 50% of its transactions to be digital by 2024—and also gives MoneyGram a first-mover advantage in the **burgeoning** cryptocurrency remittance space, which should help drive growth in Q4.

**Western Union's total revenues increased 2% YoY thanks to a boost in digital money transfers.**

- The **growth** was a turnaround from Q3 2020's pandemic-induced 4% YoY decline.
- Western Union's consumer-to-consumer (C2C) transaction volume **declined 1% YoY**, but digital money transfer payment volume **increased 19% YoY.**
- On the company's **earnings call**, CEO Hikmet Ersek said Western Union's digital and business solutions saw double-digit revenue growth, but its retail business line is still struggling under slow economic recovery in select markets.
- Ersek also said that Western Union's partnership with Walmart—which went **live** across **4,700 locations** in the spring—helped bring new customers to the company's network.
- Looking ahead, Western Union recently **unveiled** a shopping platform, WU Shop, in Germany and Austria—with additional rollouts planned. The platform lets customers shop at **more than 12,000 merchants in 60 countries** and includes shipping and cash-back benefits. WU Shop can help advance the company's digital business and open up a new revenue stream in Q4 and beyond, especially as global ecommerce volume **rises.**

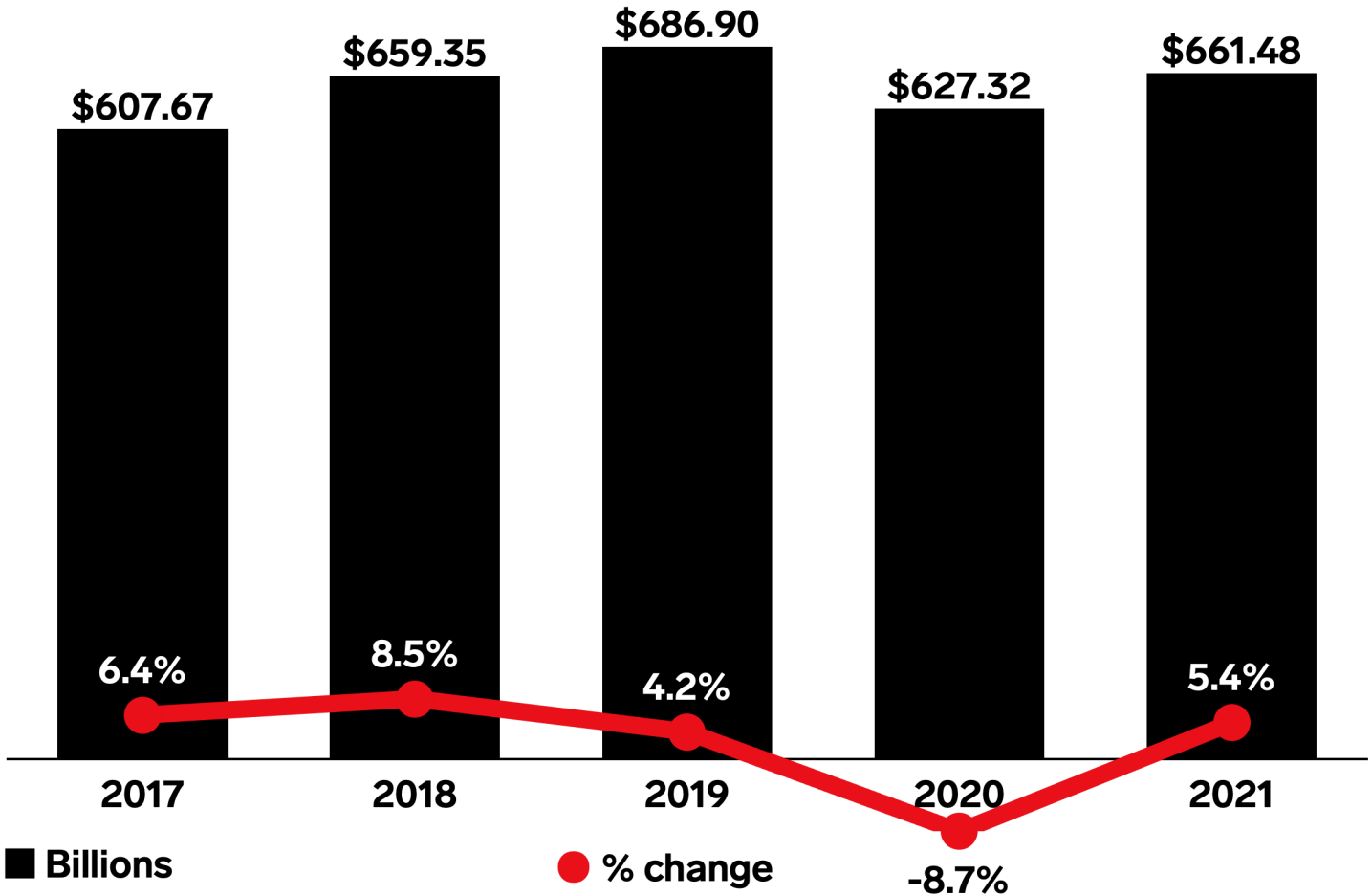
**Our take:** Advancing digital initiatives can help Western Union and MoneyGram compete with money transfer fintechs like **Wise** (formerly Transferwise), whose digital-first business approach helped it [achieve](#) a **25% YoY increase in revenues** in its fiscal Q2. Declining cash use globally will also make digital remittance solutions critical going forward.

And more state-backed remittance partnerships—like the [tie-up](#) between **Singapore’s PayNow system** and **India’s Unified Payments Interface**—may also disrupt business for MoneyGram and Western Union. But new solutions like WU Shop can help diversify business and offset potential revenue losses from these new money transfer schemes.

**Go deeper:** Check out the C2C Payments section of our [“Rise in Real-Time Payments”](#) report and the Remittances section of our [“Blockchain in Payments”](#) report to learn more about money transfer innovations.

# Worldwide Remittance Inflow

2017–2021



*Note: the value of money sent home by citizens working abroad to their country of origin; 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: eMarketer, December 2020*

*Methodology: Estimates are based on the analysis of data from other research firms and government agencies, historical trends, and reported and estimated remittances.*

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