

Western Union's revenue struggles would have been worse without LATAM bright spot

Article

The data: Western Union's revenues reached \$1.1 billion in Q4, declining 6% year over year (YoY) on a constant currency basis, [per](#) its earnings release.

- Customer-to-customer (C2C) **transaction volume declined 12% YoY** in Q4, compared with flat growth during the same period in 2021.
- The firm's branded digital volume—which accounted for 21% of total C2C revenues—grew 2% YoY, versus a 17% YoY jump in [Q4 2021](#).

Digging deeper: Russia's war on Ukraine, declines in brick-and-mortar business, and costs associated with its branded digital marketing strategy contributed to Western Union's revenue drop, CEO Devin McGranahan [said](#) on the firm's earnings call.

Despite its losses, there was one bright spot for Western Union in Q4: strong growth in Latin America and the Caribbean (LACA). **Transaction volume in LACA grew 8% YoY** and revenues increased 13% YoY—making it the only region with positive volume and revenue growth in Q4.

Three factors contributed to Western Union's success in the region, per McGranahan:

1. **Retail network optimization.** Western Union opened **50 brick-and-mortar locations** in Latin America. Unlike other regions, LACA still relies heavily on in-person remittances: While Brazil's Western Union-owned locations only accounted for **5% of the firm's retail footprint**, they accounted for **more than 50% of its revenues** in the country.
2. **Digital growth in key markets.** Despite most of Western Union's LACA remittance business coming from brick-and-mortar locations, digital channels took off in countries like Argentina, Brazil, and Panama. CFO Matt Cagwin said LACA's digital business achieved “high-double-digit, low-triple-digit growth.”
3. **Increased brand awareness.** Western Union's marketing investments in LACA have helped increase brand awareness and customer acquisition in the region.

What's next? Western Union will continue its Evolve 2025 strategy—stabilizing the firm's core business units and transitioning its focus from transactions to customer relationships.

- Part of Evolve 2025 is Western Union's push into digital banking. The firm launched its banking platform in Poland and Italy in the second half of 2022. It wants to bring the solution to more European markets this year, as well as to the US and Brazil—two major remittance markets.
- Western Union will also expand its retail point-of-sale offering, which it's calling WUPOS 2.0, to help improve the agent and customer experience and transactional efficiency.

Remittance Inflow

2023, billions

Asia-Pacific

\$289.23

Central & Eastern Europe

\$73.02

Latin America

\$151.76

Middle East & Africa

\$168.94

North America

\$6.97

Western Europe

\$104.62

Note: Exchange Rate; the value of money sent by citizens working abroad to their country of origin; examples include a citizen of this country working in another country and sending money home through a financial institution or money transfer service (e.g., Western Union)
Source: eMarketer, December 2022

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