

Western Union's expanded Visa Direct integration can help offensive against digital upstarts

Article

The news: Western Union expanded its integration with Visa Direct—Visa’s card-based push payments platform—so US customers can send remittances to eligible Visa cards in Colombia, El Salvador, Jamaica, the Philippines, Romania, and Thailand, per a press release. US customers can send payments via WU.com, the Western Union app, or Western Union’s retail locations.

Key context: The tie-up stems from a 2019 strategic agreement between Western Union and Visa to integrate Visa Direct across Western Union’s entire network. The integration first went live in Europe and let Western Union customers across 20 markets send payments to eligible Visa cardholders in near real time.

Why it’s worth watching: Remittance competition is heating up as digital upstarts disrupt the sector with faster payment speeds and more competitive pricing than their legacy counterparts. Before the pandemic, legacy providers relied heavily on their brick-and-mortar networks, but COVID-19 shifted consumer habits: **40.2% of remittances that were previously cash became digital in 2020**, per data from the International Association of Money Transfer Networks.

Most digital providers don’t have the same brick-and-mortar overhead, and they can pass those lower operating costs on to customers in the form of cheaper services. Their digital business models might also let them cut out payment intermediaries to offer faster remittance speeds.

Western Union’s and MoneyGram’s digital business growth before and during the pandemic is a further testament to the evolving remittance landscape.

- Western Union’s digital business accounted for just 13% of customer-to-customer (C2C) money transfer revenues in Q2 2019, compared with 25% in Q2 2022.
- MoneyGram’s digital revenues accounted for 16% of money transfer revenues in Q2 2019, a figure that stood at 44% in Q2 2022.

Western Union’s opportunity: Western Union can compete more aggressively with digital upstarts by expanding Visa Direct and bringing faster payments to more customers.

Expanding Visa Direct to Western Union’s US user base may be particularly beneficial for the money transfer firm because the US is the world’s top remitter: **US remittance outflow is expected to grow 4.4% year over year (YoY) in 2022 and reach \$76.99 billion**, per Insider

Intelligence forecasts. It also complements Western Union’s other [digital initiatives](#), like its digital banking platform.

Visa’s benefit: The expanded partnership also builds out Visa Direct, helping the card network rake in more cross-border volume—a [key growth driver](#) in its last quarter. **Visa’s cross-border volume (excluding intra-Europe) increased 48% YoY in its fiscal Q3** (ended June 30, 2022), surpassing pre-pandemic levels for the first time.

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