

# Strong Q2 performance may encourage Western Union and MoneyGram to pursue alternative growth tactics

Article

**By the numbers:** Two major remittance players reported Q2 earnings—here's what you need to know:

- **Western Union's** consumer-to-consumer (C2C) transactions **increased 15%** year over year (YoY) in Q2, a significant improvement from the same period last year, when the metric dipped **8%** YoY. Digital C2C transactions jumped **36%** YoY, down from Q2 2020's **96%** YoY surge as COVID-19 took hold worldwide. Digital money transfer revenues accounted for **24%** of total C2C revenues, which grew **12%** YoY on a constant currency basis.
- **MoneyGram's** money transfer volume climbed **20%** YoY in Q2, a strong recovery over the same period last year—volume growth was negative through most of Q2 2020 before increasing **10%** YoY in June. The company's digital business, including MoneyGram Online, grew **44%** YoY and accounted for **33%** of all money transfer transactions. Money transfer revenues jumped **16%** YoY.

**How we got here:** Last year, the financial uncertainty and economic contractions caused by COVID-19 **debilitated** cross-border money transfers.

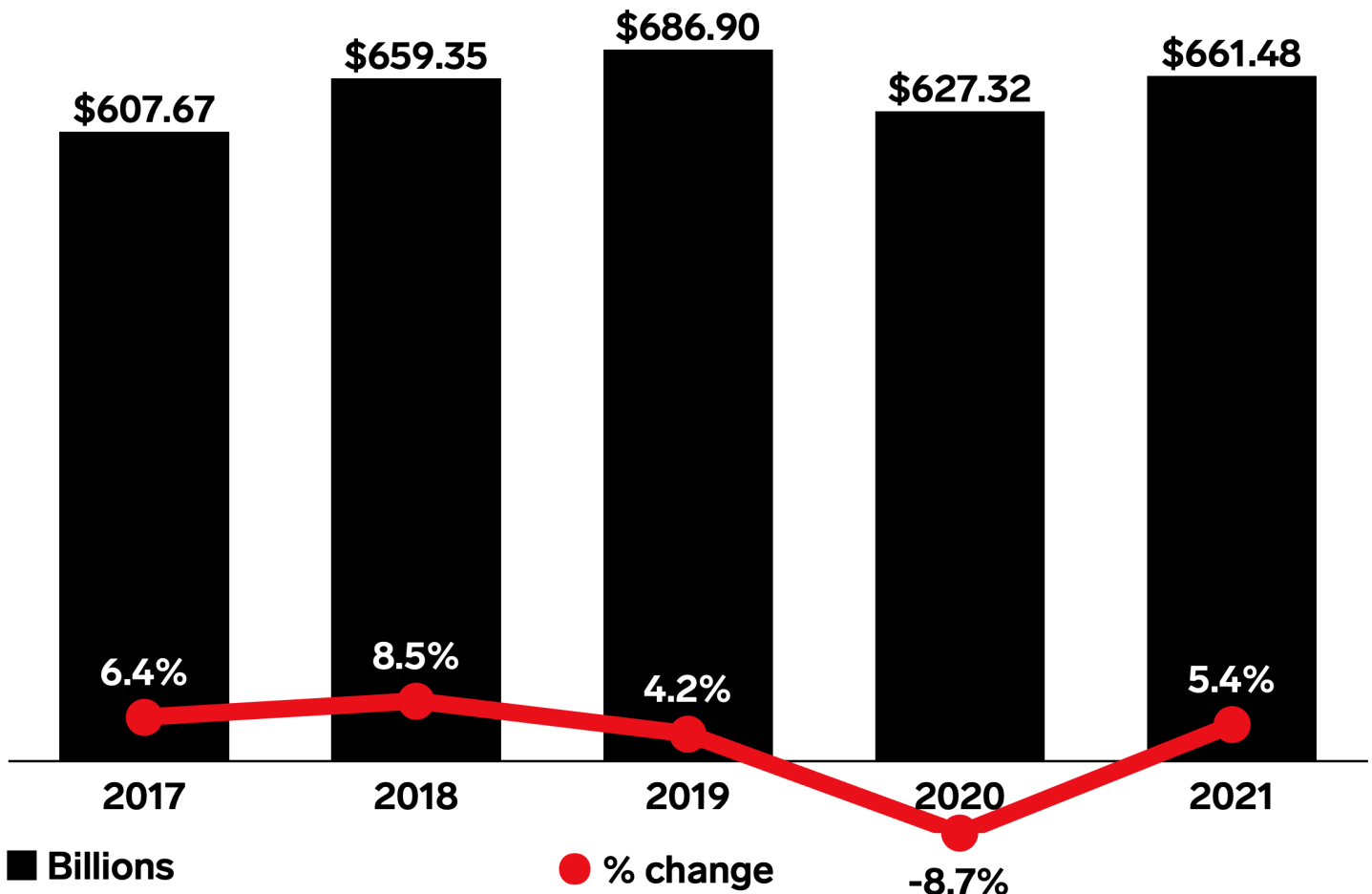
Total personal remittances paid in 2020 tumbled **14%** compared with 2019, **per** World Bank data. But global economic improvement and an increase in migrant remittances will likely **push** remittances back to positive growth: Worldwide remittance inflows are expected to expand **5.4%** YoY in 2021 after dipping **8.7%** YoY the year before, **according to** Insider Intelligence forecasts.

**Our take:** The pandemic might've pushed remittance players to rethink their growth strategies and look beyond core money transfer capabilities—here's what Western Union and MoneyGram are doing as they look forward.

- **Western Union is selling off its business solutions unit to focus on building out its consumer ecosystem.** CFO Raj Agarwal said the company wants to focus on creating a more connected ecosystem for its **150 million** global users. It can do this by expanding its services through partnerships to reach more customers and boost volume—something it's already been working on: Western Union **integrated** with **Google Pay** so US customers can send cross-border payments to users in Singapore and India, and it also **partnered** with **Walmart** to make its services available at the retailer's US locations.
- **MoneyGram's budding interest in cryptocurrencies could help it stand out from competitors.** Following the **collapse** of its tie-up with crypto exchange and remittance network **Ripple**, MoneyGram partnered with ATM operator **Coinme** so its users can buy

Bitcoin with cash or convert holdings into cash withdrawals from MoneyGram locations across the US. MoneyGram could push further into cryptos to stand out among legacy competitors that have a limited presence in the space.

## 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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