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Western Union's Latest Bank Service: Fast Bill-Pay

■ BY STEVE BILLS

Western Union Co.'s push for bank partnerships is advancing on a new front — expedited payments.

The Englewood, Colo., company has signed a string of deals this year to offer its remittance services through bank branches, and it said Tuesday that Wells Fargo & Co. of San Francisco has become the first financial company to offer its same-day bill-payment capabilities online.

As the first major bank to offer such speedy payment services, Wells Fargo's move may prompt other companies to follow suit.

"It's a big deal in terms of revenue opportunity. We're talking about billions of dollars in fee revenue here that can be applied to expedited payments," said Bruce Cundiff, a research analyst at Javelin Strategy and Research.

David Shapiro, a senior vice president of marketing in Western Union's payment services unit, said his company is in talks with other banking companies about linking their online bill-pay services to Western Union's payments network.

"The banks are looking to differentiate themselves and generate fee revenue where they can," he said. "The opportunity for banks to add value to their bill-payment channel is something they all are looking for."

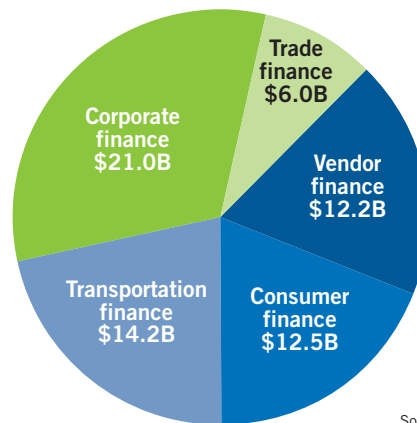
Some obvious candidates are U.S. Bancorp in Minneapolis, which began offering Western Union's remittance services at its branches in March, and Fifth Third Bancorp in Cincinnati, which did so this month. Shapiro would not say whether expedited payment services are on the table with either company.

Neither company would comment, though a Fifth Third spokeswoman said it is considering offering expedited payments.

Shapiro said consumers are showing increased interest in receiving expedited payment services from their banks. Western Union's research said that 38% of consumers

Want a Slice?

Some bankers are planning to take a bite out of the troubled CIT's finance and leasing portfolio. Assets as of Dec. 31



Source: CIT annual report

prefer to pay their bills through their banks' Web sites, compared with 26% who prefer the mail and 25% who use billers' Web sites; 27% of consumers said they would be likely to switch to a bank that offers expedited payments.

Expedited services let consumers pay billers at the last minute, and they are often happy to pay their bank a moderate fee to ensure on-time delivery and avoid hefty late fees.

The idea has been around for several years but to date has gained little traction at banks, especially the largest.

More than 40% of Americans have made expedited payments, including 31% in the past year, but nearly three-quarters of them have done it directly, through the biller, Cundiff said. "This potentially has the ability to tip the scales toward the financial institution."

Cundiff said consumers often object to various bank fees, but are willing to pay for same-day payments. The expense is "not seen as onerous," he said. "They're seen as a bargain."

Adam Vancini, a senior vice president in Wells Fargo's Internet services group, said the banking company examined several expedited payment alternatives before picking Western Union.

"Western Union has a very solid record of delivering expedited payments in a number of different ways," Vancini said. "We're making a guarantee to our customers. We felt very comfortable that Western Union could help support that commitment."

Western Union, Wells Fargo in Fast Bill-Pay Pact

The service is available now for people who pay their bills through Wells Fargo's Web site, and it is to become available to customers of the former Wachovia Bank on a state-by-state basis as Wells converts them to its in-house system, beginning in Colorado in the fourth quarter, Vancini said. Wells Fargo bought Wachovia in December.

The company is charging \$7.95 for same-day payments to any biller except credit card issuers and mortgage lenders; the latter fee is \$14.95 because these payments are typi-

cally larger, he said.

Vancini said Wells would consider using Western Union's remittance services but has made no commitment.

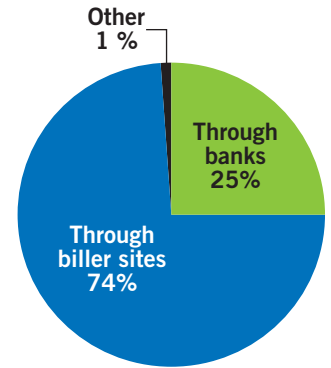
Wells initially is offering same-day payments to about 25 billers, he said, but expects to expand the list "to at least a few hundred" by yearend.

Shapiro said Western Union's online network reaches more than 4,000 U.S. billers and closely tracks each one's processing schedule.

If a mortgage lender, for instance, has a 6 p.m. cut-off time, "I want to know that, if I come in at 7 p.m., it won't be a same-day payment, but at 5 p.m., it will be," he said. "That is critical to the consumer experience." ■

Speed

Most expedited payments are made through the billers



Source: Javelin Strategy and Research