



Consumers Gaining Control of their Finances; Western Union Research Reveals "Cautiously Optimistic" Money Mindset

Indifference Toward Credit Scores is Cause for Concern - Increasing Urgency for Education

ENGLEWOOD, Colo., Jul 28, 2009 (BUSINESS WIRE) -- The latest *Western Union(R) Payment Services Money Mindset Index*, released today, defines consumers' current money mindset as "cautious optimism," as consumers are more effectively managing their spending and expecting the economy to improve. Despite this optimism, respondents have conflicting feelings about the importance of credit scores. Given the current credit lending restrictions, consumers need to become savvier to ensure their credit score does not adversely affect their financial goals.

The Index reveals encouraging insights into how Americans have taken the reins of their finances by cutting back on non-essential spending and sticking to reasonable budgets. Overall, three out of four (75 percent) consumers are cutting back on spending and increasingly looking for bargains by shopping more at discount (59 percent) and second-hand stores (31 percent).

With these money management strategies, Americans' financial stress dropped 13 percent since the Q1 2009 Index (48 percent vs. 61 percent), and their financial confidence has jumped ten percent (56 vs. 46 percent), as they report being more prepared to manage their finances. More than half (62 percent) of Americans have been successful at sticking to their budget and 36 percent expect their financial situation to improve, an eight percent increase compared to the previous quarter's survey.

CREDIT CRUNCH

However, the Index shows mixed emotions from consumers about credit scores: 63 percent believe they are accurate, but 56 percent believe they are biased and unfair. About one in four (23 percent) haven't seen their credit score, and that indifference is more pronounced among people ages 18-24 - nearly half (49 percent) have never seen their credit score. In addition, about one-third (29 percent) of those surveyed do not believe they are in control of their credit scores and do not understand what factors determine whether they are approved for a loan or credit card.

Further, consumers' bill payment behaviors have not improved since Q1 2009, as consumers continue to pay an average of 3.1 bills late. Those consumers paying credit card bills late or missing credit card payments report increases in interest fees. These activities, coupled with the lack of understanding of credit scores, could hinder their credit standing.

"It's certainly a positive sign that consumers are making steps to improve their finances and feel better about their financial situation, but paying bills late - even just a handful - can have a long-term impact," said David Shapiro, senior vice president, Western Union Global Payment Services. "Consumers should balance their improved money-saving strategies with timely bill payment strategies that best meet their financial situations so they can also maintain or increase their credit scores."

TIPS FROM WESTERN UNION

While there are many variables that impact a credit score, there are some simple things that people can do to stay on budget and in good credit standing:

- **Pay Your Bills on Time** - Late payments can hurt your credit score for years to come
- **Set up Recurring Payments** - For recurring bills, such as rent, mortgage payments and utility bills, arrange for payments to be automatically withdrawn from your account
- **Create an Emergency Savings Fund** - Put some money away every month for unexpected expenses
- **Check your Credit Report** - It's free! Go to annualcreditreport.com or call (877) 322-8228

ADDITIONAL SURVEY INSIGHTS

Additional findings from the Index demonstrate consumer response to the current economic climate:

- Dining out (79 percent) and clothing (67 percent) remain the highest priorities when it comes to cutting spending activities
- More than half (56 percent) of consumers feel prepared to create a budget due to their knowledge of personal finances, vs. only 46 percent in Q1
- Consumers canceling bills or services deemed non-essential jumped 10 percent from Q1 (41 percent vs. 31 percent)

Survey Methodology

In June 2009, Javelin Research surveyed more than 3,000 consumers online about their current behaviors and emotional mindset regarding debt and personal finance issues. The *Western Union Money MindsetIndex* has a margin error of 1.7 percentage points.

About Western Union

The Western Union Company (NYSE: WU) is a leader in global payment services. Together with its Vigo, Orlandi Valuta and Pago Facil branded payment services, Western Union provides consumers with fast, reliable and convenient ways to send and receive money around the world, as well as send payments and purchase money orders. Western Union, Vigo and Orlandi Valuta operate through a combined network of more than 385,000 Agent locations in 200 countries and territories. Famous for its pioneering telegraph services, the original Western Union dates back to 1851. For more information, visit www.westernunion.com.

SOURCE: Western Union Company

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