Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Relating to Our Business and Industry • Demand for our services is dependent on a number of factors that could be materially impacted by adverse changes in the global economy ~~, including related to pandemics~~. • We operate in highly competitive and rapidly evolving industries and face competition from a wide variety of service providers. • Our business depends on consumer confidence **and migration patterns**, which could be adversely affected by a number of factors, many of which are outside of our control. • Our Consumer **Money Transfer** ~~- to- Consumer~~ business is highly dependent on our ability to maintain our agent network under terms consistent with or more advantageous than those currently in place. • Our industry is subject to rapid and significant technological changes. • We are a global company and accordingly are subject to a number of risks related to our international operations. • As a company that transfers and retains large amounts of confidential and personal information, we are exposed to risks relating to ensuring such information is not improperly used or disclosed. • Our ability to provide reliable service largely depends on the efficient and uninterrupted operation of our computer information systems and those of our service providers. • We may not realize all of the anticipated benefits from restructuring and related initiatives. • We face credit, liquidity, and fraud risks from our agents, consumers, businesses, and third- party processors. • Changes in tax laws, **including as a result of the Pillar 2 Directive defined and discussed below,** or their interpretation, ~~or~~ **and** unfavorable resolution of tax contingencies could adversely affect our tax expense. • Our ability to remain competitive depends in part on our ability to protect our trademarks, patents, copyrights, and other intellectual property rights and to defend ourselves against potential intellectual property infringement claims. Risks Relating to Our Regulatory and Litigation Environment • Our services are subject to increasingly strict legal and regulatory requirements, including those intended to help detect and prevent money laundering, terrorist financing, fraud, **drug trafficking, human trafficking,** and other illicit activity. • The laws and regulations governing our business are frequently changing and evolving and could require changes in our business model and increase our costs of operations. • The changes in our compliance program required by the consent orders and settlement agreements to which we are party have had, and may continue to have, adverse effects on our business. • Western Union is, and may in the future be, the subject of litigation, including purported class action litigation, and ~~regulatory~~ **governmental investigations and enforcement** actions, which could result in material settlements, judgments, fines, or penalties **. Responding to litigation, investigations or enforcement actions also diverts considerable time and resources from management and, regardless of the outcome, can result in significant legal expense**. There are many factors that affect our business, financial condition, results of operations, and cash flows, some of which are beyond our control. These risks include, but are not limited to, the risks described in detail below. Such risks are grouped according to: • Risks Relating to Our Business and Industry; and • Risks Relating to Our Regulatory and Litigation Environment You should carefully consider all of these risks. Risks Relating to our Business Model and Competition Global economic downturns or slower growth or declines in the money transfer, payment service, and other markets in which we operate, including downturns or declines related to interruptions in migration patterns, and difficult conditions in global financial markets and financial market disruptions could adversely affect our business, financial condition, results of operations, and cash flows. The global economy has experienced in recent years, and may experience, downturns, volatility and disruption, and we face certain risks relating to such events, including: • Demand for our services could soften, including due to low consumer confidence, high unemployment, high inflation, changes in foreign exchange rates, **changes in monetary policy,** reduced global trade, including from trade disruptions or trade restrictions, or other events, such as civil unrest, war, terrorism, natural disasters, including those related to climate change, or public health emergencies or epidemics. For example, in March 2022, we suspended our operations in Russia and Belarus, due to the Russia / Ukraine conflict (the ~~"~~ **"** Conflict ~~"~~ **"**), which has had an adverse effect on our business, financial condition, results of operations, and cash flows. The Conflict has had and is expected to continue to have broader implications to our overall business, including reduced transaction activity in Ukraine ~~and we expect that our results of operations will continue to be negatively impacted by this Conflict into 2023~~. The COVID- 19 pandemic has also had an adverse impact on our business ~~(see risk factor " The COVID- 19 pandemic continues to evolve and negatively impact our business, and the extent to which it will further impact our business depends on future developments, which remain highly uncertain and difficult to predict. The effects of the pandemic have had an adverse effect and could have a material adverse effect on our business, financial condition, results of operations, and cash flows in the future. ")~~. • Our Consumer ~~- to- Consumer money~~ **Money** ~~transfer~~ **Transfer** business relies in large part on migration, which **often** brings workers to countries with greater economic opportunities than those available in their native countries. A significant portion of money transfers are sent by international migrants. Migration is affected by (among other factors) overall economic conditions, the availability of job opportunities, changes in immigration laws, restrictions on immigration and travel, and political or other events (such as civil unrest, war, terrorism, natural disasters, or public health emergencies or epidemics) that would make it more difficult for workers to migrate or work abroad. Changes to these factors could adversely affect our remittance volume and could have an adverse effect on our business, financial condition, results of operations, and cash flows. • Many of our consumers work in industries that may be impacted by deteriorating economic conditions more quickly or significantly than other industries. The prospect of reduced job opportunities, especially in **the** retail, healthcare, construction, hospitality, and technology industries, or weakness in ~~the~~ regional economies could adversely affect the number of money transfer transactions, the principal amounts transferred and correspondingly our results of operations. If general market softness in the economies of countries important to migrant workers occurs, our results of operations could be adversely impacted. Additionally, if our consumer transactions decline, if the amount of money that consumers send per transaction declines, or if migration patterns shift due to weak or deteriorating economic conditions or immigration laws, our financial condition, results of operations, and cash flows may be adversely affected. • Our agents or clients could experience reduced sales or business as a result of a deterioration in economic conditions. As a result, our agents could reduce their numbers of locations or hours of operation or cease doing business altogether ~~. Businesses using our services may make fewer cross- currency payments or may have fewer customers making payments to them through us, particularly businesses in those industries that may be more affected by an economic downturn~~ . • Our exposure to receivables from our agents, consumers, and businesses could impact us. For more information on this risk, see risk factor " We face credit, liquidity, and fraud risks from our agents, consumers, businesses, and third- party processors that could adversely affect our business, financial condition, results of operations, and cash flows. " • The market value of the securities in our investment portfolio may substantially decline. The impact of that decline in value may adversely affect our liquidity, financial condition, and results of operations. • The third- party service providers on whom we depend may experience difficulties in their businesses, which may impair their ability to provide services to us and have a potential impact on our own business. The impact of a change or temporary stoppage of services may have an adverse effect on our business, financial condition, results of operations, and cash flows. • The counterparties to the derivative financial instruments that we use to reduce our exposure to various market risks, including changes in interest rates and foreign exchange rates, may fail to honor their obligations, which could expose us to risks we had sought to mitigate. That failure could have an adverse effect on our financial condition, results of operations, and cash flows. • We may be unable to refinance our existing indebtedness or finance our obligations to pay tax on certain of our previously undistributed earnings pursuant to United States tax reform legislation enacted in December 2017 (the " Tax Act ") on favorable terms, as such amounts become due, or we may have to refinance or obtain new financing on unfavorable terms, which could require us to dedicate a substantial portion of our cash flow from operations to payments on our debt or tax obligations, thereby reducing funds available for working capital, capital expenditures, acquisitions, share repurchases, dividends, and other purposes. • Our revolving credit facility with a consortium of banks is one source for funding liquidity needs and also backs our commercial paper program. If any of the banks participating in our credit facility fails to fulfill its lending commitment to us, our short- term liquidity and ability to support borrowings under our commercial paper program could be adversely affected. • Banks upon which we rely to conduct our business could fail or be unable to satisfy their obligations to us. This could lead to our inability to access funds and / or credit losses for us and could adversely impact our ability to conduct our business. • Insurers we utilize to mitigate our exposures to litigation and other risks may be unable to or refuse to satisfy their obligations to us, which could have an adverse effect on our liquidity, financial condition, results of operations, and cash flows. • If market disruption or volatility occurs, we could experience difficulty in accessing capital on favorable terms, and our business, financial condition, results of operations, and cash flows could be adversely impacted. We face competition from global and niche or corridor money transfer providers, United States and international banks, card associations, card- based payments providers, and a number of other types of service providers, including electronic, mobile and internet- based services, and from digital currencies, including cryptocurrencies and related protocols, and other innovations in technology and business models. Our future success depends on our ability to compete effectively in the industry. Money transfer and payment services are highly competitive industries which include service providers from a variety of financial and non- financial business groups. Our competitors include consumer money transfer companies, banks and credit unions (including interbank partnerships), card associations, web- based services, mobile money transfer services, payment processors, card- based payments providers such as issuers of e- money, travel cards or stored- value cards, **digital wallets,** informal remittance systems, automated teller machine providers and operators, phone payment systems (including mobile phone networks), postal organizations, retailers, check cashers, mail and courier services, currency exchanges, and digital currencies, including cryptocurrencies and cryptocurrency exchanges. These services are differentiated by features and functionalities such as brand recognition, customer service, trust and reliability, distribution network and channel options, convenience, price, speed, variety of payment methods, service offerings and innovation. Our business, distribution network and channel options, such as our digital channels, have been and may continue to be impacted by increased competition, including from new competitors and the consolidation of competitors and the expansion of their services, which could adversely affect our financial condition, results of operations, and cash flows. For example, we have experienced increased competition in money transfers sent and received within the United States from competitors that do not charge a fee to send or receive money through bank accounts. The potential international expansion of these competitors could represent significant competition to us. Our future success depends on our ability to compete effectively in money transfer and payment services. For example, if we fail to price our services appropriately, consumers may not use our services, which could adversely affect our business and financial results. In addition, we have historically implemented and will likely continue to implement price reductions from time to time **, including in 2023,** in response to competition and other factors. Price reductions generally reduce margins and adversely affect financial results in the short term and may also adversely affect financial results in the long term if transaction volumes do not increase sufficiently. Further, failure to compete on service differentiation and service quality could significantly affect our future growth potential and results of operations. As noted below under risk factor " Risks associated with operations outside the United States and foreign currencies could adversely affect our business, financial condition, results of operations, and cash flows, " many of our agents outside the United States are national post offices. These entities are often governmental organizations that may enjoy special privileges or protections that could allow them to simultaneously develop their own money transfer businesses. International postal organizations could agree to establish a money transfer network among themselves. Due to the size of these organizations and the number of locations they have, any such network could represent significant competition to us. If customer confidence in our business or in consumer money transfer and payment service providers generally deteriorates, our business, financial condition, results of operations, and cash flows could be adversely affected. Our business is built on customer confidence in our brands and our ability to provide fast, reliable money transfer and payment services. Erosion in customer confidence in our business, or in consumer money transfer and payment service providers as a means to transfer money, could adversely impact transaction volumes which would in turn adversely impact our business, financial condition, results of operations, and cash flows. A number of factors could adversely affect customer confidence in our business, or in consumer money transfer and payment service providers generally, many of which are beyond our control, and could have an adverse impact on our results of operations. These factors include: • changes or proposed changes in laws or regulations or regulator or judicial interpretation thereof that have the effect of making it more difficult or less desirable to transfer money using consumer money transfer and payment service providers, including additional consumer due diligence, identification, reporting, and recordkeeping requirements; • the quality of our services and our customer experience, and our ability to meet evolving customer needs and preferences, including consumer preferences related to our Branded Digital services; • failure of our agents, their subagents, our vendors, or other partners to deliver services in accordance with our requirements; • reputational concerns resulting from actual or perceived events, including those related to fraud, consumer protection, data breaches, inappropriate use of personal data, or other matters; • actions by federal, state or foreign regulators that interfere with our ability to transfer consumers' money reliably, for example, attempts to seize money transfer funds, or limit our ability to or prohibit us from transferring money in certain corridors; • federal, state or foreign legal requirements, including those that require us to provide consumer or transaction data either pursuant to requirements under the Joint Settlement Agreements or other requirements or to a greater extent than is currently required; • any significant interruption in our systems, including by unauthorized entry and computer viruses, ransomware, fire, natural disaster, power loss, telecommunications failure, terrorism, vendor failure, or disruptions in our workforce; and • any breach of our computer systems or other data storage facilities, or of certain of our third-party providers, resulting in a compromise of personal or other data. Many of our money transfer consumers are migrants. Consumer advocacy groups or governmental agencies could consider migrants to be disadvantaged and entitled to protection, enhanced consumer disclosure, or other different treatment. If consumer advocacy groups are able to generate widespread support for actions that are detrimental to our business, then our ~~business,~~ financial condition, results of operations, and cash flows could be adversely affected. If we are unable to maintain our agent, subagent, or global business relationships under terms acceptable to us or consistent with those currently in place, including due to increased costs or loss of business as a result of increased compliance requirements or difficulty for us, our agents, or their subagents in establishing or maintaining relationships with banks needed to conduct our services, or if our agents or their subagents fail to comply with our business and technology standards and contract requirements, our business, financial condition, results of operations, and cash flows would be adversely affected. Most of our Consumer **Money Transfer** ~~- to- Consumer~~ revenue is derived through our agent network. Some of our international agents have subagent relationships in which we are not directly involved. If, due to competition or other reasons, agents or their subagents decide to leave our network, or if we are unable to sign new agents or maintain our agent network under terms acceptable to us or consistent with those currently in place, or if our agents are unable to maintain relationships with or sign new subagents, our revenue and profits may be adversely affected. Agent attrition might occur for a number of reasons, including a competitor engaging an agent, an agent' s dissatisfaction with its relationship with us or the revenue derived from that relationship, an agent' s or its subagents' unwillingness or inability to comply with our standards or legal requirements, including those related to compliance with anti- money laundering regulations, anti- fraud measures, or agent registration and monitoring requirements or increased costs or loss of business as a result of difficulty for us, our agents, or their subagents in establishing or maintaining relationships with banks needed to conduct our services. For example, the Joint Settlement Agreements and the NYDFS Consent Order subjected us to heightened requirements relating to agent oversight, which resulted in ~~and may continue to result in~~ agent attrition, and certain agents decided to leave our network due to reputational concerns related to the Joint Settlement Agreements and the NYDFS Consent Order. Recently, we have had ~~one~~ **a significant** retail agent stop offering our services **,** and another **stopped offering** ~~communicate they were moving away from~~ cash- based services at their retail locations. These changes have impacted and will continue to adversely impact our revenue. In addition, agents may generate fewer transactions or less revenue for various reasons, including increased competition, political unrest, changes in the economy, or factors impacting our agents' ability to settle with us, and the cost of maintaining agent or subagent locations has increased and may continue to increase because of enhanced compliance efforts or changes to compliance requirements. Because an agent is a third- party that engages in a variety of activities in addition to providing our services, it may encounter business difficulties unrelated to its provision of our services, which could cause the agent to reduce its number of locations ~~,~~ **and / or** hours of operation, or cease doing business altogether. Changes in laws regulating competition or in the interpretation of those laws could undermine our ability to enter into or maintain our exclusive arrangements with our current and prospective agents. See risk factor " Regulatory initiatives and changes in laws, regulations, industry practices and standards, and third-party policies affecting us, our agents or their subagents, or the banks with which we or our agents maintain bank accounts needed to provide our services could require changes in our business model and increase our costs of operations, which could adversely affect our financial condition, results of operations, and liquidity " below. In addition, certain of our agents and subagents have refused to enter into exclusive arrangements in recent years, including a significant agent in the United States. The inability to enter into exclusive arrangements or to maintain our exclusive rights in agent contracts in certain situations could adversely affect our business, financial condition, results of operations, and cash flows by, for example, allowing competitors to benefit from the goodwill associated with the Western Union brand at our agent locations. In our various bill payment services, we provide services for ~~making~~ **consumers, businesses, and other organizations to make** one- time or recurring payments ~~from consumers to businesses and other organizations~~ , including **to** utilities, auto finance companies, mortgage servicers, financial service providers **,** and government agencies. Our relationships with these businesses and other organizations are a core component of our payment services, and we derive a substantial portion of our revenue from payment services through these relationships. Increased regulation and compliance requirements are impacting these businesses by making it more costly for us to provide our services or by making it more cumbersome for businesses or consumers to do business with us. As a result of offering our services, our agents may be subject to various taxes, as governments outside the United States have viewed and may continue to view our agents' services as subject to income, withholding, and other taxes. Any such taxes that are levied on our agents could make it less desirable for agents to offer our services, which could result in increased agent attrition, agents ceasing to offer some of our services, or increased costs to maintain our agent network, any of which could have an adverse effect on our business, results of operations, and cash flows. Our ability to adopt new technology and develop and gain market acceptance of new and enhanced products and services in response to changing industry and regulatory standards and evolving customer needs poses a challenge to our business. Our industry is subject to rapid and significant technological changes, with the constant introduction of new and enhanced products and services and evolving industry and regulatory standards and consumer needs and preferences. Our ability to enhance our current products and services and introduce new products and services that address these changes has a significant impact on our ability to be successful. We actively seek to respond in a timely manner to changes in customer (both consumer and business) and agent needs and preferences, technology advances, and new and enhanced products and services such as technology- based money transfer and payment services, including internet, digital wallet, other mobile money transfer services, and digital currencies, including cryptocurrencies. Failure to respond timely and well to these challenges could adversely impact our business, financial condition, results of operations, and cash flows. Further, even if we respond well to these challenges, the business and financial models offered by many of these ~~alternatives~~ **alternative** , more technology- reliant means of money transfer and electronic payment solutions may be less advantageous to us than our traditional cash / agent model or our current electronic money transfer model. Risks associated with operations outside the United States and foreign currencies could adversely affect our business, financial condition, results of operations, and cash flows. A substantial portion of our revenue is generated in currencies other than the United States dollar. As a result, we are subject to risks associated with changes in the value of our revenues and net monetary assets denominated in foreign currencies. For example, a considerable portion of our revenue is generated in the euro. In an environment of a rising United States dollar relative to the euro, the value of our euro- denominated revenue, operating income and net monetary assets would be reduced when translated into United States dollars for inclusion in our financial statements. Some of these adverse financial effects may be partially mitigated by foreign currency hedging activities. In an environment of a declining United States dollar relative to the euro, some of the translation benefits on our reported financial results could be limited by the impact of foreign currency hedging activities. We are also subject to changes in the value of other foreign currencies. We operate in almost all developing markets throughout the world. In many of these markets, our foreign currency exposure is limited because most transactions are receive transactions, and we currently reimburse the ~~substantial~~ **significant** majority of our agents in United States dollars, Mexican pesos, or euros for the payment of these transactions. However, in certain of these developing markets we settle transactions in local currencies and generate revenue from send transactions. Our exposure to foreign currency fluctuations in those markets is increased as these fluctuations impact our revenues and operating income. We utilize a variety of planning and financial strategies to help ensure that our worldwide cash is available where needed, including decisions related to the amounts, timing, and manner by which cash is repatriated or otherwise made available from our international subsidiaries. Changes in the amounts, timing, and manner by which cash is repatriated (or deemed repatriated) or otherwise made available from our international subsidiaries, including changes arising from new legal or tax rules, disagreements with legal or tax authorities concerning existing rules that are ultimately resolved in their favor, or changes in our operations or business, could result in material adverse effects on our financial condition, results of operations, and cash flows including our ability to pay future dividends or make share repurchases. For further discussion regarding the risk that our future effective tax rates could be adversely impacted by changes in tax laws, both domestically and internationally, see risk factor " Changes in tax laws, or their interpretation, and unfavorable resolution of tax contingencies could adversely affect our tax expense " below. Money transfers and payments to, from, within, or between countries may be limited or prohibited by law. At times in the past, we have been required to cease operations in particular countries due to political uncertainties or government restrictions imposed by foreign governments or the United States. Government sanctions imposed with respect to Russia and Ukraine in February 2022 impacted our ability to offer services in the region, and in March 2022, we voluntarily suspended our operations in Russia and Belarus due to the Conflict. Further or prolonged instability or tension in Russia, Ukraine, and the surrounding region could also cause us to adjust our operating model, which would increase our costs of operations. Occasionally agents or their subagents have been required by their regulators to cease offering our services; see risk factor " Regulatory initiatives and changes in laws, regulations, industry practices and standards, and third- party policies affecting us, our agents or their subagents, or the banks with which we or our agents maintain bank accounts needed to provide our services could require changes in our business model and increase our costs of operations, which could adversely affect our financial condition, results of operations, and liquidity " below. Additionally, economic or political instability or natural disasters may make money transfers to, from, within, or between particular countries difficult or impossible, such as when banks are closed, when currency devaluation makes exchange rates difficult to manage or when natural disasters or civil unrest makes access to agent locations unsafe. These risks could negatively impact our ability to offer our services, to make payments to or receive payments from international agents or our subsidiaries or to recoup funds that have been advanced to international agents or are held by our subsidiaries, and as a result could adversely affect our business, financial condition, results of operations, and cash flows. In addition, the general state of telecommunications and infrastructure in some lesser developed countries, including countries where we have a large number of transactions, creates operational risks for us and our agents that generally are not present in our operations in the United States and other more developed countries. Rules implemented by regulators may also restrict our ability to distribute excess cash balances from our subsidiaries. For example, in connection with our decision to suspend operations in Russia and Belarus, we sought to distribute excess cash balances held in our Russian subsidiary. While we continue to pursue ~~the~~ distribution **opportunities** , ~~our initial request to do so was denied by the~~ Russian ~~regulator~~ **presidential decrees currently prevent us from extracting the excess capital within our Russian subsidiary** . Currently, our Russian subsidiary holds approximately $

~~21~~ **14** million of excess cash balances, in addition to approximately $ ~~8~~ **4** million of cash held to maintain its ~~banking~~ **credit institution** license. We have classified the excess cash balances as restricted cash, included within Other assets in our Consolidated Balance Sheets as of December 31, ~~2022~~ **2023** ~~. Rules implemented by the regulator could further restrict or delay this distribution~~ . An inability to utilize or distribute excess cash from our Russian subsidiary or our other subsidiaries could have an adverse effect on our financial condition, results of operations, and cash flows. Many of our agents outside the United States are post offices, which are often owned and operated by national governments. These governments may decide to change the terms under which they allow post offices to offer remittances and other financial services. For example, governments may decide to separate financial service operations from postal operations or mandate the creation or privatization of a " post bank, " which could result in the loss of agent locations, or they may require multiple service providers in their network. These changes could have an adverse effect on our ability to distribute or offer our services in countries that are material to our business. We face credit, liquidity and fraud risks from our agents, consumers, businesses, and third- party processors that could adversely affect our business, financial condition, results of operations, and cash flows. The significant majority of our Consumer ~~- to- Consumer money~~ **Money** ~~transfer~~ **Transfer** activity and our ~~walk- in~~ bill payment and money order activity is conducted through agents that provide our services to consumers at their retail locations. These agents sell our services, collect funds from consumers, and are required to pay the proceeds from these transactions to us. As a result, we have credit exposure to our agents. In some countries, our agent networks include master agents that establish subagent relationships; these agents must collect funds from their subagents in order to pay us. We are generally not insured against credit losses, except in certain circumstances related to agent theft or fraud. If an agent becomes insolvent, files for bankruptcy, commits fraud or otherwise fails to pay money order, money transfer or payment services proceeds to us, we must nonetheless pay the money order or complete the money transfer or payment services on behalf of the consumer. The liquidity of our agents and other parties we transact with directly, including merchant acquirers, is necessary for our business to remain strong and to continue to provide our services. If our agents or other partners fail to settle with us in a timely manner, our liquidity could be affected. From time to time, we have made, and may in the future make, advances to our agents **and disbursement partners** . We ~~generally~~ **often** owe settlement funds payable to these agents that offset these advances. However, the failure of these borrowing agents **and disbursement partners** to repay these advances constitutes a credit risk to us. In many countries, we offer consumers the ability to transfer money utilizing their bank account or credit or debit card via websites and mobile devices. These transactions have experienced and continue to experience a greater risk of fraud and higher fraud losses than transactions initiated at agent locations. Additionally, money transfers funded by ACH, or similar methods, are not preauthorized by the sender' s bank and carry the risk that the account may not exist or have sufficient funds to cover the transaction. We apply verification and other tools to help authenticate transactions and protect against fraud. However, these tools are not always successful in protecting us against fraud. As the merchant of these transactions, we may bear the financial risk of the full amount sent in some of the fraudulent transactions. Issuers of credit and debit cards may also incur losses due to fraudulent transactions through our distribution channels and may elect to block transactions by their cardholders in these channels with or without notice. We may be subject to additional fees or penalties if the amount of chargebacks exceeds a certain percentage of our transaction volume. Such fees and penalties increase over time if we do not take effective action to reduce chargebacks below the threshold, and if chargeback levels are not ultimately reduced to acceptable levels, our merchant accounts could be suspended or revoked, which would adversely affect our results of operations. To help ensure availability of our worldwide cash where needed, we utilize a variety of planning and financial strategies, including decisions related to the amounts, timing, and manner by which cash is repatriated or otherwise made available from our international subsidiaries. These decisions can influence our overall tax rate and impact our total liquidity. Our overall liquidity may also be impacted by regulations or their interpretations that, if fully enacted or implemented, could require us to exchange collateral in connection with our derivative financial instruments used to hedge our exposures arising in connection with changes to foreign currency exchange and interest rates. ~~Although the pandemic has been ongoing for approximately three years, its course and impact on the global economy and our business has been unpredictable and has challenged industry forecasts, including from the World Bank, and the ultimate impact of the pandemic or a similar health epidemic is highly uncertain and subject to change. We cannot reasonably predict the extent of the impacts on our business, our operations, or the global economy as a whole. However, the effects of the pandemic have had an adverse effect on our business, financial condition, results of operations, and cash flows and could have a material adverse effect in the future.~~ Risks Relating to Cybersecurity and Third- Party Vendors Breaches of our information security safeguards could adversely affect our ability to operate and could damage our reputation and adversely affect our business, financial condition, results of operations, and cash flows. As part of our business, we collect, transfer, and retain confidential and personal information about consumers, business customer representatives, employees, applicants, agents and other individuals. With our services being offered in more than 200 countries and territories, these activities are subject to laws and regulations in the United States and many other jurisdictions; see risk factor " Current and proposed regulation addressing consumer privacy and data use and security could increase our costs of operations, which could adversely affect our operations, results of operations, and financial condition " below. The requirements imposed by these laws and regulations, which often differ materially among the many jurisdictions in which we operate and may impact our business operations, are designed to protect the privacy and security of personal information, to prevent that information from being inappropriately accessed, used **,** or disclosed, and to protect financial services providers and other regulated entities and their customers, as well as information technology systems, from cyber attacks. Although we strive to develop and maintain administrative, technical, and physical safeguards designed to comply with applicable legal requirements, it is nonetheless possible that hackers, employees acting contrary to our policies, or others could circumvent these safeguards to improperly access our systems or documents, or the systems or documents of our business partners, agents, or service providers, as well as to improperly access, obtain, misuse, or disclose sensitive business information or personal information about our consumers, business customer representatives, employees, applicants, agents or others. It is also possible that any of our third- party service providers or agents could experience a cybersecurity incident or intentionally or inadvertently use, disclose, or make available sensitive business or personal information to unauthorized parties in violation of law or its contract with us. Such risk of a third- party service provider or agent ~~'~~**'** s cybersecurity or other data incident is significant as much of our data and our customers ~~'~~**'** data is collected and stored by our agents and other third parties, including providers of cloud- based software services. Security incidents have the potential to impose material costs on the Company and, despite measures that the Company takes to prevent and mitigate such incidents, there can be no assurance that security incidents will not occur in the future. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are also constantly changing and evolving and may be difficult to anticipate or to detect for significant periods of time. Additionally, transactions undertaken through our websites or other digital channels may create risks of fraud, hacking, unauthorized access or acquisition, and other deceptive practices. Any security incident resulting in a compromise of sensitive business information or the personal information of consumers, business customer representatives, employees, applicants, agents **,** or other individuals, could result in material costs to us and require us to notify impacted individuals, and in some cases regulators, of a possible or actual incident, expose us to regulatory enforcement actions, including substantial fines, limit our ability to provide services, subject us to litigation, damage our reputation, and adversely affect our business, financial condition, results of operations, and cash flows. Interruptions in our systems, including as a result of cyber attacks, or disruptions in our workforce may have a significant adverse effect on our business. Our ability to provide reliable service depends on the efficient and uninterrupted operation of our computer information systems and those of our service providers. Any significant interruptions could harm our business and reputation and result in a loss of business. These systems and operations could be exposed to damage or interruption from unauthorized entry and computer viruses, ransomware, fire, natural disaster, power loss, telecommunications failure, war, terrorism, vendor failure, or other causes, many of which may be beyond our control or that of our service providers. The frequency and intensity of weather events related to climate change are increasing, which could increase the likelihood and severity of natural disasters as well as related damage and business interruption. Additionally, any significant damage or interruptions in the computer information systems of our agents or other partners could result in a disruption in providing our services to consumers at their locations. Further, we and our vendors have been, and continue to be, the subject of cyber attacks, including distributed denial of service and ransomware attacks. These attackers and attacks ~~, which may in some cases be initiated by nation- states,~~ are increasingly sophisticated and primarily aimed at either interrupting our business or exploiting information security vulnerabilities, both of which expose us to financial losses. Historically, none of these attacks or breaches has individually or in the aggregate resulted in any material liability to us or any material damage to our reputation **.** ~~, and disruptions~~ **Disruptions** related to cybersecurity have not caused any material ~~disruption~~ **interruption** to **our** ~~the Company' s~~ business, ~~but~~ **strategy, results of operations, or financial condition.** ~~there~~ **There** can be no assurance that such attacks will not have a material adverse impact on the Company in the future. The safeguards we have designed to help prevent future security incidents and systems disruptions and to comply with applicable legal requirements may not be successful, and we may experience material security incidents, disruptions, or other problems in the future. **For more information on our policies and procedures surrounding cybersecurity, see Part I, Item 1C, Cybersecurity.** We also may experience software defects, development delays, installation difficulties and other systems problems, which could harm our business and reputation and expose us to potential liability which may not be fully covered by our business interruption insurance. In addition, hardware, software, or applications that we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. These applications may not be sufficient to address technological advances, regulatory requirements, changing market conditions **,** or other developments. In addition, any work stoppages or other labor actions by employees, the significant majority of whom are located outside the United States, could adversely affect our business. We receive services from third- party vendors that would be difficult to replace if those vendors ceased providing such services adequately or at all. Cessation of or defects in various services provided to us by third- party vendors could cause temporary disruption to our business. Some services relating to our business, such as cloud- based software service providers, software application support, the development, hosting **,** and maintenance of our operating systems, merchant acquiring services, call center services, check clearing, processing of returned checks, and other operating activities are outsourced to third- party vendors, which would be difficult to replace quickly. If our third- party vendors were unwilling or unable to provide us with these services in the future, due to **system outages,** labor shortages **,** or otherwise, our business and operations could be adversely affected. Risks Relating to Acquisitions, Divestitures, and Restructuring Activities Acquisitions and integration of new businesses create risks and may affect operating results. We have acquired and may acquire businesses both inside and outside the United States. If we or our reporting units do not generate operating cash flows at levels consistent with our expectations, we may be required to write down the goodwill on our balance sheet, which could have a significant adverse impact on our financial condition and results of operations ~~in future periods~~. In addition to the risk of goodwill impairment, the acquisition and integration of businesses involve a number of other risks. The core risks involve valuation (negotiating a fair price for the business based on inherently limited due diligence) and integration (managing the complex process of integrating the acquired company' s people, products and services, technology and other assets in an effort to realize the projected value of the acquired company and the projected synergies of the acquisition). Another risk is the need in some cases to improve regulatory compliance; see " Risks Relating to Our Regulatory and Litigation Environment " below. Acquisitions often involve additional or increased risks including, for example: • realizing the anticipated financial benefits from these acquisitions and where necessary, improving internal controls of these acquired businesses; • ~~managing geographically separated organizations~~ **complying with regulatory requirements** , ~~systems~~ **including those particular to the industry** and ~~facilities~~ **jurisdiction of the acquired business** ; • managing multi- jurisdictional operating ~~, tax~~ and financing structures **, including complexities associated with the investment and return of capital and the understanding and calculation of tax obligations** ; • **managing geographically separated organizations, systems and**

facilities and integrating personnel with diverse business backgrounds and organizational cultures; • integrating the acquired technologies into our Company ~~; • complying with regulatory requirements, including those particular to the industry and jurisdiction of the acquired business~~ ; • obtaining and enforcing intellectual property rights in some foreign countries; • entering new markets with the services of the acquired businesses; and • general economic and political conditions, including legal and other barriers to cross- border investment in general, or by United States companies in particular. Integrating operations could cause an interruption of, or divert resources from, one or more of our businesses and could result in the loss of key personnel. The diversion of management' s attention and any delays or difficulties encountered in connection with an acquisition and the integration of the acquired company' s operations could have an adverse effect on our business, financial condition, results of operations, and cash flows. Divestitures and contingent liabilities from divested businesses could adversely affect our business and financial results. We continually evaluate the performance and strategic fit of all of our businesses and may sell businesses or product lines. For example, on ~~August 4~~ **July 1** , ~~2021~~ **2023** , we **completed the sale of** ~~entered an agreement to sell~~ our Business Solutions business, as previously discussed. Divestitures involve risks, including difficulties in the separation of operations, services, products and personnel, the diversion of management ~~'~~ **'** s attention from other business concerns, the disruption of our business, the potential loss of key employees and the retention of uncertain contingent liabilities related to the divested business. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated, which could result in significant asset impairment charges, including those related to goodwill and other intangible assets, that could have a material adverse effect on our financial condition and results of operations. In addition, we may experience greater dis- synergies than expected, the impact of the divestiture on our revenue growth may be larger than projected, and some divestitures may be dilutive to earnings **, including the sale of our Business Solutions business** . There can be no assurance whether the strategic benefits and expected financial impact of the divestiture will be achieved. We cannot assure you that we will be successful in managing these or any other significant risks that we encounter in divesting a business or product line, and any divestiture we undertake could materially and adversely affect our business, financial condition, results of operations and cash flows. We may not realize all of the anticipated benefits from restructuring and other related initiatives, which may include decisions to downsize or to transition operating activities from one location to another, and we may experience disruptions in our workforce as a result of those initiatives. Over the past few years, we have been engaged in restructuring actions and activities associated with business transformation, productivity improvement initiatives, and expense reduction measures. For example, in October 2022, we announced an operating expense redeployment program which aims to redeploy approximately $ 150 million in expenses in our cost base **through 2027** ~~over the next 5 years~~ , accomplished through optimizations in vendor management, our real estate footprint, marketing, and people costs. We may implement additional initiatives in future periods. While these initiatives are designed to increase operational effectiveness and productivity and allow us to invest in strategic initiatives, there can be no assurance that the anticipated benefits will be realized, and the costs to implement such initiatives may be greater than expected. In addition, these initiatives have resulted and will likely result in the loss of personnel, some of whom may support significant systems or operations, and may make it more difficult to attract and retain key personnel, any of which could negatively impact our results of operations. Consequently, these initiatives could result in a disruption to our workforce. If we do not realize the anticipated benefits from these or similar initiatives, the costs to implement future initiatives are greater than expected, or if the actions result in a disruption to our workforce greater than anticipated, our business, financial condition, results of operations, and cash flows could be adversely affected. General Risks Changes in tax laws, or their interpretation, and unfavorable resolution of tax contingencies could adversely affect our tax expense. Our future effective tax rates **and corresponding effects on our financial condition, results of operations and cash flows** could be adversely affected by changes in tax laws or their interpretation, both domestically and internationally. For example, in December 2017, the Tax Act was enacted into United States law. Among other things, the Tax Act imposes a tax on certain previously undistributed foreign earnings, establishes minimum taxes related to certain payments deemed to erode the United States tax base, and retains and expands United States taxation on a broad range of foreign earnings (whether or not the earnings have been repatriated) while effectively exempting certain types of foreign earnings from United States tax. In August 2022, the U. S. enacted the Inflation Reduction Act of 2022 (" IRA ") which, among other provisions, implemented a 15 % minimum tax on book income of certain large corporations. Based on our evaluation of the IRA, we do not believe we will be subject to the 15 % book minimum tax in ~~2023~~ **the near term** . However, we will continue to monitor the application of the minimum tax in future periods. Additionally, the Organization for Economic Co- Operation and Development (" OECD ") has asked countries around the globe to act to prevent what it refers to as base erosion and profit shifting (" BEPS "). The OECD considers BEPS to refer to tax planning strategies that shift, perhaps artificially, profits across borders to take advantage of differing tax laws and rates among countries. ~~Most recently~~ **In 2021** , the OECD, through an association of almost 140 countries known as the " inclusive framework, " ~~has~~ announced a consensus around further changes in traditional international tax principles (" BEPS 2. 0 ") to address, among other things, perceived challenges presented by global digital commerce (" Pillar 1 ") and the perceived need for a minimum global effective tax rate of 15 % (" Pillar 2 "). On December 15, 2022, the European Union formally adopted ~~the~~ **a** Pillar ~~Two~~ **2** Directive and **many** EU member states **have** ~~are expected to transpose~~ **transposed** the Pillar ~~Two~~ **2** Directive into domestic law ~~by December 31~~ , **with portions taking effect from** ~~2023~~ **2024** . ~~Other~~ **Many non- EU** countries **have taken or** are ~~taking~~ **considering** similar actions **, with varying effective dates** . We are **closely monitoring developments and** evaluating ~~developments to determine whether~~ **the impact of these rules in jurisdictions that have enacted or have draft** Pillar 2 **legislation. We** will **continue to monitor Pillar 2 developments and assess the extent to which Pillar 2 may** materially impact ~~our financial position in the future. Any material change in tax laws or policies, or their interpretation, resulting from BEPS, BEPS 2. 0, or other legislative proposals or inquiries could result in a higher effective tax rate on our earnings and have an adverse effect on~~ our financial condition, results of operations, and cash flows. Our tax returns and positions (including positions regarding jurisdictional authority of foreign governments to impose tax) are subject to review and audit by federal, state, local and foreign taxing authorities. An unfavorable outcome to a tax audit could result in higher tax expense, thereby negatively impacting our results of operations. We have established contingency reserves for a variety of material, known tax exposures. As of December 31, ~~2022~~ **2023** , the total amount of unrecognized tax benefits was a liability of $ ~~237~~ **244** . ~~2~~ **8** million, including accrued interest and penalties, net of related items. Our reserves reflect our judgment as to the resolution of the issues involved if subject to judicial review. While we believe that our reserves are adequate to cover reasonably expected tax risks, there can be no assurance that, in all instances, an issue raised by a tax authority will be resolved at a financial cost that does not exceed our related reserve, and such resolution could have a material effect on our effective tax rate, financial condition, results of operations **,** and cash flows in the current period and / or future periods. With respect to these reserves, our income tax expense would include: (i) any changes in tax reserves arising from material changes ~~during the period~~ in the facts and circumstances (i. e., new information) surrounding a tax issue **during the period** and (ii) any difference from **our** ~~the Company' s~~ tax position as recorded in the financial statements and the final resolution of a tax issue during the period. Such resolution could increase or decrease income tax expense in our consolidated financial statements in future periods and could impact our operating cash flows. Our business, financial condition, results of operations, and cash flows could be harmed by adverse rating actions by credit rating agencies. Downgrades in our credit ratings, or their review or revision to a negative outlook, could adversely affect our business, financial condition, results of operations, and cash flows, and could damage perceptions of our financial strength, which could adversely affect our relationships with our agents, particularly those agents that are financial institutions or post offices, and our banking and other business relationships. In addition, adverse ratings actions could result in regulators imposing additional capital and other requirements on us, including imposing restrictions on the ability of our regulated subsidiaries to pay dividends. Also, a downgrade below investment grade will increase our interest expense under certain of our notes and our revolving credit facility, and any significant downgrade could increase our costs of borrowing money more generally or adversely impact or eliminate our access to the commercial paper market, each of which could adversely affect our business, financial condition, results of operations, and cash flows. There can be no guarantee that we will continue to make dividend payments or repurchase stock. For risks associated with our ability to continue to make dividend payments or repurchase shares, please see Part II, Item 5, Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. The Western Union brands, which are protected by trademark registrations in many countries, are material to our Company. The loss of the Western Union ® trademark or a diminution in the perceived quality of products or services associated with the names would harm our business. Similar to the Western Union ® trademarks, the **Vigo ®,** Orlandi Valuta ~~®, Vigo~~ ®, Pago Fácil ®, Quick Collect ®, Quick PaySM, Quick Cash ®, Western Union Convenience Pay ®, and other trademarks and service marks are also important to our Company **,** and a loss of the service mark or trademarks or a diminution in the perceived quality associated with these names could harm our business. Our intellectual property rights are an important element in the value of our business. Our failure to take appropriate actions against those who infringe upon our intellectual property could adversely affect our business, financial condition, results of operations, and cash flows. The laws of certain foreign countries in which we do business do not always protect intellectual property rights to the same extent as do the laws of the United States. Adverse determinations in judicial or administrative proceedings in the United States or in foreign countries could impair our ability to sell our products or services or license or protect our intellectual property, which could adversely affect our business, financial condition, results of operations, and cash flows. We own patents and patent applications covering various aspects of our processes and services. We have been, are and in the future may be, subject to claims alleging that our platform, mobile application, or other products and services infringe third- party intellectual property or other proprietary rights, both inside and outside the United States. Unfavorable resolution of these claims could require us to change how we deliver or promote a service, result in significant financial consequences, or both, which could adversely affect our business, financial condition, results of operations, and cash flows. Material changes in the market value or liquidity of the securities we hold may adversely affect our results of operations and financial condition. As of December 31, ~~2022~~ **2023** , we held $ 1. ~~3~~ **5** billion in investment securities, the majority of which are state and municipal debt securities. The majority of this money represents the principal of money orders issued by us to consumers primarily in the United States and money transfers sent by consumers. We regularly monitor our credit risk and attempt to mitigate our exposure by investing in highly- rated securities and by diversifying our investments. Despite those measures, it is possible that the value of our portfolio may decline in the future due to any number of factors, including general market conditions, credit issues, the viability of the issuer of the security, failure by ~~a fund~~ **an investment** manager to manage the investment portfolio consistently with ~~the fund prospectus~~ **investment mandates,** or increases in interest rates. Any such decline in value may adversely affect our results of operations and financial condition. We have substantial debt and other obligations that could restrict our operations. As of December 31, ~~2022~~ **2023** , we had approximately $ 2. ~~6~~ **5** billion in consolidated indebtedness, and we may also incur additional indebtedness in the future. Furthermore, the Tax Act imposes a tax on certain of our previously undistributed foreign earnings, which we have elected to pay in periodic installments through 2025. Our indebtedness and tax obligations could have adverse consequences, including: • limiting our ability to pay dividends to our stockholders or to repurchase stock consistent with our historical practices; • increasing our vulnerability to changing economic, regulatory and industry conditions; • limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry; • limiting our ability to borrow additional funds; and • requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt or tax obligations, thereby reducing funds available for working capital, capital expenditures, acquisitions, and other purposes. Failure to attract, retain, and develop the key employees we need to support our objectives could have a material adverse impact on our business. Much of our success depends on our ability to attract, retain, and develop key employees. Qualified individuals with experience in our industry are in high demand and we have faced and will continue to face competition globally to attract and retain a diverse workforce with skills that are critical to our success. In addition, legal or enforcement actions against compliance and other personnel in the money transfer industry may affect our ability to attract and retain key employees. Further, any failure to have in place and execute an effective succession plan for key employees could harm our business. As described under Part I, Item 1, Business, our business is subject to a wide range of laws and regulations enacted by the United States federal government, each of the states (including licensing requirements), many localities and many other countries and jurisdictions. Laws and regulations to which we are, or may in the future, be subject to **,** including by virtue of the introduction of new products or acquisitions, include those related to: financial services generally, banking, anti- money laundering, countering the financing of terrorism, sanctions and anti- fraud, anti- bribery, anti- corruption, **countering drug trafficking and human trafficking,** consumer disclosure and consumer protection, currency controls, money transfer and payment instrument licensing, payment services, credit and debit cards, electronic payments, ~~foreign exchange hedging services and the sale of spot, forward, and option currency contracts,~~ cryptocurrency licensing and other regulations, prepaid access, taxation, accessibility, unclaimed property, the regulation of competition, consumer privacy, data protection and information security, cybersecurity, operational security, outsourcing, risk management, environmental, sustainability **,** and governance reporting, including climate and social governance- related reporting, and other governance requirements applicable to regulated financial service providers. Further, where we cooperate with partners around the world to offer money transfer services marketed exclusively under the partners' brands, the regulatory requirements applicable to us may vary. The failure by us, our agents, their subagents, or our partners to comply with any such laws or regulations could have an adverse effect on our business, financial condition, results of operations, and cash flows and could seriously damage our reputation and brands, and result in diminished revenue and profit and increased operating costs. Risks Relating to Significant Regulatory Requirements Our business is subject to a wide range and increasing number of laws and regulations. Liabilities or loss of business resulting from a failure by us, our agents, or their subagents to comply with laws and regulations and regulatory or judicial interpretations thereof, including laws and regulations designed to protect consumers, or detect and prevent money laundering, terrorist financing, fraud, and other illicit activity, and increased costs or loss of business associated with compliance with those laws and regulations has had and we expect will continue to have an adverse effect on our business, financial condition, results of operations, and cash flows. Our services are subject to increasingly strict legal and regulatory requirements, including those related to detecting and preventing money laundering, countering terrorist financing, fraud, **drug trafficking, human trafficking,** and other illicit activity, and administering economic and trade sanctions. The interpretation of those requirements by judges, regulatory bodies and enforcement agencies may change quickly and with little notice. Additionally, these requirements or their interpretations in one jurisdiction may conflict with those of another jurisdiction. As United States federal and state as well as foreign legislative and regulatory scrutiny and enforcement action in these areas increase, we expect that our costs of complying with these requirements could continue to increase, perhaps substantially, and may make it more difficult or less desirable for consumers and others to use our services or for us to contract with certain intermediaries, either of which would have an adverse effect on our revenue and operating income. For **many** ~~example, in recent~~ years we have made significant additional investments in our compliance programs based on the rapidly evolving and increasingly complex global regulatory and enforcement environment and our internal reviews. These additional investments relate to enhancing our compliance capabilities, including our consumer protection efforts. ~~Further, failure~~ **Failure** by Western Union, our agents or their subagents (agents and subagents are third parties, over whom Western Union has limited legal and practical control), and **certain of our** service providers to comply with any of these requirements or their interpretation could result in **regulatory action,** the suspension or revocation of a license or registration required to provide money transfer ~~,~~ **or** payment ~~or foreign exchange~~ services, the limitation, suspension ~~,~~ or termination of services, changes to our business model, loss of consumer confidence **, private class action litigation** , the seizure of our assets, and / or the imposition of civil and criminal penalties, including fines and restrictions on our ability to offer services. We are subject to regulations imposed by the Foreign Corrupt Practices Act (the " FCPA ") in the United States and similar laws in other countries, such as the Bribery Act in the UK, which generally prohibit companies and those acting on their behalf from making improper payments to foreign government officials for the purpose of obtaining or retaining business. Some of these laws, such as the Bribery Act, also prohibit improper payments between commercial enterprises. Because our services are offered in virtually every country of the world, we face significant risks associated with our obligations under the FCPA, the Bribery Act, and other national anti- corruption laws. Any determination that we have violated these laws could have an adverse effect on our business, financial condition, results of operations, and cash flows. Our United States business is subject to reporting, recordkeeping and anti- money laundering provisions of the BSA and to regulatory oversight and enforcement by FinCEN. We have subsidiaries in Brazil and Austria that are subject to banking regulations. Our Austrian banking subsidiary is also subject to regulation, examination, and supervision by the NYDFS. We also operate through a small number of licensed payment institutions in the EU. Under the **EU** Payment Services ~~Directive~~ **Directives , as amended** (**together** " PSD "), ~~as amended by a revised Payment Services Directive known as PSD2,~~ and the **EU** ~~4th and 5th~~ Anti- Money Laundering ~~Directive~~ **Directives as amended** ~~in the EU~~ , our operating companies that are licensed in the EU have increasingly become directly subject to reporting, recordkeeping, and anti- money laundering regulations, and agent oversight and monitoring requirements, as well as broader supervision by EU member states. **Our Canadian business is subject to the recently issued Retail Payment Activities Act, which will require registration of our operations and our ongoing compliance with risk management, funds safeguarding, recordkeeping, and reporting regulations.** Additionally, the financial penalties associated with the failure to comply with anti- money laundering laws have increased in recent regulation, including the **EU** ~~4th and 5th~~ Anti- Money Laundering ~~Directive~~ **Directives** ~~in the EU~~ . These **laws and proposed new related financial services** laws have increased and will continue to increase our costs and ~~could also increase~~ competition in some or all of our areas of service. Legislation that has been enacted or proposed in other jurisdictions could have similar effects. The remittance industry, including Western Union, **remains** ~~has come~~ under ~~increasing~~ scrutiny from government regulators and others in connection with its ability to prevent its services from being abused by people seeking to defraud others. For example, in early 2017, we entered into the Joint Settlement Agreements with the United States Department of Justice (“ DOJ ”), certain United States Attorney’ s Offices, the FTC, FinCEN, and various state attorneys general to resolve the respective investigations of those agencies, and in early 2018, we agreed to the NYDFS Consent Order. The ingenuity of criminal fraudsters, combined with the potential susceptibility to fraud by consumers, make the prevention of consumer fraud a significant and challenging problem. Our failure to continue to help prevent such frauds and increased costs related to the implementation of enhanced anti- fraud measures, or a change in fraud prevention laws or their interpretation or the manner in which they are enforced has had, and could in the future have, an adverse effect on our business, financial condition, results of operations, and cash flows. Further, any determination that our agents or their subagents have violated laws and regulations could seriously damage our reputation and brands, resulting in diminished revenue and profit and increased operating costs. In some cases, we could be liable for the failure of our agents or their subagents to comply with laws which also could have an adverse effect on our business, financial condition, results of operations, and cash flows. In many jurisdictions where Western Union is licensed to offer money transfer services, the license holder is responsible for ensuring the agent’ s **or their subagent’ s** compliance with the rules that govern the money transfer service. For example, in the EU, Western Union is responsible for the compliance of our agents ~~and their subagents~~ when they are acting on behalf of Western Union Payment Services Ireland Limited, which is regulated by the Central Bank of Ireland. Thus, the risk of adverse regulatory action against Western Union because of actions by our agents or their subagents and the costs to monitor our agents or their subagents in those areas has increased. The regulations implementing the remittance provisions of the Dodd- Frank Act also impose responsibility on us for any related compliance failures of our agents ~~and their subagents~~. The requirements under ~~the~~ PSD ~~/ PSD2~~, the Dodd- Frank Act, and similar legislation enacted or proposed in other countries have resulted and will likely continue to result in increased compliance costs, and in the event we or our agents **or their subagents** are unable to comply, could have an adverse impact on our business, financial condition, results of operations, and cash flows. Additional countries may adopt similar legislation. **We also have** ~~In view of the UK’ s departure from the EU on January 31, 2020, to ensure that our operations will continue in the UK, we set up~~ a ~~new~~ payment institution to conduct money remittance in the **United Kingdom (“** UK **”)**, which was authorized by the **FCA** ~~Financial Conduct Authority~~ in April 2019 ~~,~~ and presently offers retail money transfer services via UK agents **and our** ~~. We also applied for the~~ UK ~~branch of our Austrian banking subsidiary to be authorized by the UK PRA as a Third Country Branch (i. e., a UK branch of a non- UK bank), one avenue to continue to conduct our~~ Branded Digital ~~operations~~ **services**. **As** ~~Our application remains pending at this time. Since December 31, 2020, our digital business has been operating under the Temporary Permissions Regime introduced in the UK, which is available through December 31, 2023. If authorized as a Third Country Branch, this UK branch will be subject to certain additional UK regulatory requirements. Further, as~~ a result of Brexit, including under the terms of any new regulatory authorizations we have and may obtain, we could be required to comply with differing regulatory requirements in the UK as a result of divergence from established EU regulation. This could make it more costly for us to provide our services. ~~Since Brexit, UK laws and regulations in the financial services sector have largely maintained equivalence with related EU laws and regulations.~~ We continue to monitor developments in this area, particularly **for instance** those forthcoming under the **recently enacted** Financial Services and Markets Bill **Act** 2022- 23, which is going through UK Parliamentary scrutiny, and is expected to be passed in 2023. The Bill aims to recast the UK regulatory framework post- Brexit and will give the UK Government the power to repeal retained EU financial services legislation and create new regulator rule- making powers in areas currently covered by retained EU law, with the objective of promoting the growth and international competitiveness of the UK economy. Our fees, profit margins, and / or foreign exchange spreads may be reduced or limited because of regulatory initiatives and changes in laws and regulations or their interpretation and industry practices and standards that are either industry wide or specifically targeted at our Company. The evolving regulatory environment, including increased fees or taxes, regulatory initiatives (and increases in regulatory authority, oversight, and enforcement), changes in laws and regulations or their interpretation, industry practices and standards imposed by state, federal, or foreign governments, and expectations regarding our compliance efforts, is impacting the manner in which we operate our business, may change the competitive landscape, and is expected to continue to adversely affect our financial results. Existing, new, and proposed legislation relating to financial services providers and consumer protection in various jurisdictions around the world has affected and may continue to affect the manner in which we provide our services; see risk factor ~~"~~ **“** The Dodd- Frank Act, the Electronic Funds Transfer Act and Regulation E, as well as the regulations required by these Acts and the actions of the Consumer Financial Protection Bureau and similar legislation and regulations enacted by other government authorities, could adversely affect us and the scope of our activities and could adversely affect our financial condition, results of operations, and cash flows. ~~"~~ **”** Recently proposed and enacted legislation related to financial services providers and consumer protection in various jurisdictions around the world and at the federal and state level in the United States has subjected and may continue to subject us to additional regulatory oversight, mandate additional consumer disclosures and remedies, including refunds to consumers, or otherwise impact the manner in which we provide our services. If governments implement new laws or regulations that limit our right to set fees and / or foreign exchange spreads, then our business, financial condition, results of operations, and cash flows could be adversely affected. In addition, changes in regulatory expectations, interpretations, or practices could increase the risk of regulatory enforcement actions, fines, and penalties. For example, in early 2017, we entered into the Joint Settlement Agreements, and in early 2018, we agreed to the NYDFS Consent Order. In addition, U. S. policy makers have sought and may continue to seek heightened customer due diligence requirements on, or restrict, remittances from the United States to Mexico or other jurisdictions. For example, government sanctions imposed in February 2022 with respect to Russia and Ukraine impacted our ability to offer services in the region and we voluntarily suspended our operations in Russia and Belarus in March 2022. Policy makers have also discussed potential legislation to add taxes to remittances from the United States to Mexico and / or other countries. Further, one state has passed a law imposing a fee on certain money transfer transactions, and certain other states have proposed similar legislation.

Several foreign countries have enacted or proposed rules imposing taxes or fees on certain money transfer transactions, as well. The approach of policy makers and the ongoing budget shortfalls in many jurisdictions, combined with future federal action or inaction on immigration reform, may lead other states or localities to impose similar taxes or fees or other requirements or restrictions. Foreign countries in similar circumstances have invoked and could continue to invoke the imposition of sales, service, or similar taxes, or other requirements or restrictions, on money transfer services. A tax, fee, or other requirement or restriction exclusively on money transfer service providers like Western Union could put us at a competitive disadvantage to other means of remittance which are not subject to the same taxes, fees, requirements, or restrictions. Other examples of changes to our financial environment include the possibility of regulatory initiatives that focus on lowering international remittance costs. Such initiatives may have a material adverse impact on our business, financial condition, results of operations, and cash flows. Regulators around the world look at each other' s approaches to the regulation of the payments and other industries. Consequently, a development in any one country, state, or region may influence regulatory approaches in other countries, states, or regions. Similarly, new laws and regulations in a country, state, or region involving one service may cause lawmakers there to extend the regulations to another service. As a result, the risks created by any one new law or regulation are magnified by the potential they may be replicated, affecting our business in another place or involving another service. Conversely, if widely varying regulations come into existence worldwide, we may have difficulty adjusting our services, fees, foreign exchange spreads and other important aspects of our business, with the same effect. Further, political changes and trends such as populism, economic nationalism, protectionism, and negative sentiment towards multinational companies could result in laws or regulations that adversely impact our ability to conduct business in certain jurisdictions. Any of these eventualities could materially and adversely affect our business, financial condition, results of operations, and cash flows. Regulatory initiatives and changes in laws, regulations, industry practices and standards, and third- party policies affecting us, our agents or their subagents, or the banks with which we or our agents maintain bank accounts needed to provide our services could require changes in our business model and increase our costs of operations, which could adversely affect our financial condition, results of operations, and liquidity. Our agents and their subagents are subject to a variety of regulatory requirements, which differ from jurisdiction to jurisdiction, are subject to change, and continue to increase. Material changes in the regulatory requirements for offering money transfer services, including with respect to anti- money laundering requirements, sanctions, fraud prevention, licensing requirements, consumer protection, customer due diligence, agent registration, or increased requirements to monitor our agents or their subagents in a jurisdiction important to our business have meant and could continue to mean increased costs and / or operational demands on our agents and their subagents, which have resulted and could continue to result in their attrition, a decrease in the number of locations at which money transfer services are offered, an increase in the commissions paid to agents and their subagents to compensate for their increased costs, and other negative consequences. **For example, in recent months, the Federal Reserve Bank of New York has announced actions that banned several Iraqi banks, some of whom were our agents, from conducting U. S. dollar transactions. As a result, since those actions, our business has been, and may continue to be, adversely impacted.** We rely on our agents' technology systems and / or processes to obtain transaction data. If an agent or its subagent experiences a breach of its systems, if there is a significant disruption to the technology systems of an agent or its subagent, if an agent or its subagent does not maintain the appropriate controls over their systems, or if we are unable to demonstrate adequate oversight of an agent' s or subagent' s handling of those matters, we may experience reputational and other harm which could result in losses to the Company. Our regulatory status and the regulatory status of our agents and their subagents could affect our and their ability to offer our services. For example, we and our agents and their subagents rely on bank accounts to provide our Consumer ~~- to- Consumer money~~ **Money** ~~transfer~~ **Transfer and** ~~services. We also rely on bank accounts to provide our~~ payment services. We and our agents and their subagents are considered Money Service Businesses (" MSBs ") under the BSA. Many banks view MSBs as a class of higher risk customers for purposes of their anti- money laundering programs. We and some of our agents and their subagents have had, and in the future may have, difficulty establishing or maintaining banking relationships due to the banks' policies. If we or a significant number of our agents or their subagents are unable to maintain existing or establish new banking relationships under terms acceptable to us or our agents or consistent with those currently in place, or if we or these agents face higher fees to maintain or establish new bank accounts, our ability and the ability of our agents and their subagents to continue to offer our services may be adversely impacted, which would have an adverse effect on our business, financial condition, results of operations, and cash flows. The types of enterprises that are legally authorized to act as our agents and their subagents vary significantly from one country to another. Changes in the laws affecting the kinds of entities that are permitted to act as money transfer agents or their subagents (such as changes in requirements for capitalization or ownership) could adversely affect our ability to distribute our services and the cost of providing such services, both by us and our agents and their subagents. For example, a requirement that a money transfer provider be a bank or other highly regulated financial entity could increase significantly the cost of providing our services in many countries where that requirement does not exist today or could prevent us from offering our services in an affected country. Further, any changes in law that would require us to provide money transfer services directly to consumers as opposed to through an agent network (which would effectively change our business model) or that would prohibit or impede the use of subagents could significantly adversely impact our ability to provide our services, and / or the cost of our services, in the relevant jurisdiction. Changes mandated by laws which make Western Union responsible for acts of its agents and their subagents while they are providing the Western Union money transfer service increase our risk of regulatory liability and our costs to monitor our agents' or their subagents' performance. Although most of our **Vigo and** Orlandi Valuta ~~and Vigo~~ branded agents also offer money transfer services of our competitors, many of our Western Union branded agents have agreed to offer only our money transfer services. While we expect to continue signing certain agents under exclusive arrangements and believe that these agreements are valid and enforceable, changes in laws regulating competition or in the interpretation of those laws could undermine our ability to enforce them in the future. Various jurisdictions continue to increase their focus on the potential impact of agent agreements on competition. In addition, over the past several years, several countries in Eastern Europe, the Commonwealth of Independent States, Africa, and Asia have promulgated laws or regulations, or authorities in these countries have issued orders, which effectively prohibit payment service providers, such as money transfer companies, from agreeing to exclusive arrangements with agents in those countries. Certain institutions, non- governmental organizations and others are actively advocating against exclusive arrangements in money transfer agent agreements. Advocates for laws prohibiting or limiting exclusive agreements continue to push for enactment of similar laws in other jurisdictions. Rules and regulations implemented under the Dodd- Frank Act have made and continue to make significant structural reforms and new substantive regulation across the financial services industry. In addition, the Dodd- Frank Act created the CFPB, which implements, examines compliance with **,** and enforces federal consumer protection laws governing financial products and services, including money transfer services. The CFPB has created additional regulatory obligations for us and has the authority to **further define participants in markets for consumer financial products and services and** examine and supervise us and our larger competitors, including for matters related to unfair, deceptive, or abusive acts and practices (" UDAAP "), the Electronic Funds Transfer Act (" EFTA "), and Regulation E. The CFPB' s regulations implementing the remittance provisions of the Dodd- Frank Act have affected our business in a variety of areas. These include: (i) a requirement to provide consumers sending funds internationally from the United States enhanced, written, pre- transaction disclosures and transaction receipts, including the disclosure of fees, foreign exchange rates and taxes, (ii) an obligation to resolve various errors, including certain errors that may be outside our control, and (iii) an obligation at a consumer' s request to cancel transactions that have not been completed. These requirements have changed the way we operate our business and along with other potential changes under CFPB regulations could adversely affect our operations and financial results. In addition, the Dodd- Frank Act and interpretations and actions by the CFPB have had, and could continue to have a significant impact on us by, for example, requiring us to limit or change our business practices, limiting our ability to pursue business opportunities, requiring us to invest valuable management time and resources in compliance efforts, imposing additional costs on us, delaying our ability to respond to marketplace changes, requiring us to alter our products and services in a manner that would make them less attractive to consumers and impair our ability to offer them profitably, or requiring us to make other changes that could adversely affect our business. In addition, these regulations impose responsibility on us for any related compliance failures of our agents. The CFPB has broad authority to enforce consumer protection laws. The CFPB has a large staff and budget, which is not subject to Congressional appropriation, and has broad authority with respect to our money transfer service and related business. It is authorized to collect fines and provide consumer restitution in the event of violations, engage in consumer financial education, track and solicit consumer complaints, request data, and promote the availability of financial services to underserved consumers and communities. In addition, the CFPB may adopt other regulations governing consumer financial services, including regulations defining UDAAP, and new model disclosures. The CFPB' s authority to change regulations adopted in the past by other regulators, or to rescind or ignore past regulatory guidance, could increase our compliance costs and litigation exposure. In addition, attorneys general of the various states of the United States also have authority to enforce the consumer protection provisions of the Dodd- Frank Act in their respective jurisdictions. We have been and continue to be subject to examination by the CFPB, which defines " larger participants of a market for other consumer financial products or services " as including companies, such as Western Union, that make at least one million aggregate annual international money transfers. The CFPB has the authority to examine and supervise us and our larger competitors, which will involve providing reports to the CFPB. The CFPB has used information gained in examinations as the basis for enforcement actions resulting in settlements involving monetary penalties and other remedies. The effect of the Dodd- Frank Act, the EFTA, Regulation E, and the CFPB on our business and operations has been and will continue to be significant, and the application of the associated implementing regulations to our business may differ from the application to certain of our competitors, including banks. Various jurisdictions in the United States and outside the United States **similarly** have consumer protection laws and regulations, and numerous governmental agencies are tasked with enforcing those laws and regulations. Consumer protection principles continue to evolve globally, and new or enhanced consumer protection laws and regulations may be adopted **that impact our business, such as the FCA' s 2023 principles- based Consumer Duty in the UK that sets higher and clearer standards of consumer protection across financial services and requires firms to put their customers' needs first** . Governmental agencies tasked with enforcing consumer protection laws or regulations are communicating more frequently and coordinating their efforts to protect consumers. For instance, the International Consumer Protection and Enforcement Network (" ICPEN ") is an organization composed of consumer protection authorities from over 70 countries that provides a forum for developing and maintaining regular contact between consumer protection agencies and focusing on consumer protection concerns. By encouraging cooperation between agencies, ICPEN aims to enable its members to have a greater impact with their consumer protection laws and regulations. As the scope of consumer protection laws and regulations change, we may experience increased costs to comply and other adverse effects to our business. Rules adopted under the Dodd- Frank Act by the CFTC, as well as the provisions of the EMIR and its technical standards, which are directly applicable in the member states of the EU, have subjected **certain** ~~most of our~~ foreign exchange hedging transactions, including certain intercompany hedging transactions and certain of the corporate interest rate hedging transactions we may enter into in the future, to reporting, recordkeeping, and other requirements. Following Brexit, EMIR and the MiFID II have been retained as UK law pursuant to the European Union (Withdrawal) Act 2018 UK. Additionally, certain of the corporate interest rate hedging transactions and foreign exchange derivatives transactions we may enter into in the future may be subject to centralized clearing requirements or may be subject to margin requirements in the United States, the EU, and the UK. Other jurisdictions outside of the United States, the EU, and the UK, have implemented, are implementing, or may implement regulations similar to those described above. Derivatives regulations have added costs to our business, and any additional requirements, such as future registration requirements and increased regulation of derivatives contracts, will **likely** result in additional costs or impact the way we conduct ~~our~~ **any** hedging activities ~~. For example, the regulatory regimes for derivatives~~

~~in the United States, the EU, and the UK, such as under the Dodd- Frank Act and MiFID II, are continuing to evolve. Any changes to such regimes, our designation under such regimes, or the implementation of new rules under such regimes, such as future registration requirements and increased regulation of derivatives contracts, may result in additional costs to our business. Other jurisdictions outside the United States, the EU, and the UK, have implemented, are implementing, or may implement regulations similar to those described above, and these will result in greater costs to us as well. Our implementation of these requirements has resulted, and will continue to result, in additional costs to our business. Moreover, following Brexit, we could be required to comply with differing regulatory requirements in the UK as a result of divergence from established EU regulation. This could make it more costly for us to provide our services. Furthermore, our failure to implement these requirements correctly could result in fines and other sanctions, as well as necessitate a temporary or permanent cessation to some or all of our derivative related activities. Any such fines, sanctions, or limitations on our business could adversely affect our operations and financial results~~ . Current and proposed regulation addressing consumer privacy and data use and security could increase our costs of operations, which could adversely affect our operations, results of operations, and financial condition. We are subject to extensive requirements relating to data privacy and security under federal, state, and foreign laws. These laws and requirements continue to evolve and may become increasingly difficult to comply with. For example, the FTC continues to investigate the privacy practices of many companies and has brought numerous enforcement actions, resulting in significant fines and multi- year agreements governing the settling companies' privacy practices. In addition, the **SEC** ~~U. S. Securities~~ and ~~Exchange Commission and~~ the **NYDFS** ~~New York Department of Financial Services~~ have ~~proposed~~ **enacted** new rules or amendments to existing rules that ~~would modify~~ **have modified** reporting requirements and ~~add~~ **added new** prescriptive requirements relating to cybersecurity programs **or expanded existing requirements** . Furthermore, certain industry groups require us to adhere to privacy requirements in addition to federal, state, and foreign laws, and certain of our business relationships depend upon our compliance with these requirements. As the number of countries enacting privacy and related laws increases and the scope of these laws and enforcement efforts expand, we will increasingly become subject to new and varying requirements. For example, in 2018, the EU implemented the GDPR, and other countries have enacted similar legislation, such as Brazil' s General Data Protection Law (" LGPD "), which became effective in 2020, ~~and~~ China' s Personal Information Protection Law (~~"~~ **"** PIPL ~~"~~ **"**), which became effective in November 2021 **, and India' s Digital Personal Data Protection Act (DPDPA) passed in August of 2023** . The GDPR, LGPD, ~~and~~ PIPL **, and DPDPA** impose obligations and present the risk of substantially increased penalties for non- compliance, including the possibility of not only fines but also enforcement action that may require an organization to cease certain of its data processing activities. Such penalties could have a material adverse effect on our financial condition, results of operations, and cash flows. In addition, in 2020 the Court of Justice of the European Union (" CJEU ") invalidated the EU- U. S. Privacy Shield framework, which provided a mechanism for companies transferring personal data from the EU to the U. S., and imposed additional obligations on companies such as Western Union when transferring personal data from the EU to the U. S. and other jurisdictions. ~~This may result in increased costs of compliance and limitations on us. Further, this CJEU decision or other regulatory changes relating to cross- border data transfers may serve as a basis for challenges to our personal data handling practices, which could also adversely impact our business, financial condition, and operating results.~~ We have incurred, and we expect to continue to incur, expenses to meet the obligations of the GDPR and other similar legislation and new interpretations of their requirements. We are also subject to data privacy and security laws in various states, such as the California Consumer Privacy Act and the Colorado Privacy Act, that impose heightened data privacy requirements on companies that collect information from state residents and create a broad set of privacy rights and remedies modeled in part on the GDPR. Failure to comply with existing or future data privacy and security laws, regulations, and requirements to which we are subject or could become subject, including by reason of inadvertent disclosure of confidential information, could result in fines, sanctions, penalties, or other adverse consequences and loss of consumer confidence, which could materially adversely affect our results of operations, overall business, and reputation. In addition, in connection with regulatory requirements to assist in the prevention of money laundering and terrorist financing and **other** ~~pursuant to~~ legal obligations and ~~authorizations~~ **requests** , **we** ~~Western Union makes~~ **make** information available to certain United States federal, state, and foreign government agencies ~~when required by law~~ . In recent years, **we have** ~~Western Union has~~ experienced ~~an increasing number of~~ data sharing requests by these agencies, ~~particularly~~ **including** in connection with efforts to ~~prevent~~ **combat money laundering,** terrorist financing ~~or to reduce the risk of identity theft~~ **, fraud, drug trafficking, and human trafficking** . During the same period, there has also been increased public attention to the corporate use and disclosure of personal information, accompanied by legislation and regulations intended to strengthen data protection, information security, and consumer privacy. These regulatory **and law enforcement** goals ~~, including the prevention of money laundering, terrorist financing, and identity theft~~ , and the protection of the individual' s right to privacy, may conflict or otherwise present challenges, and the law in these areas is not consistent or settled. The legal, political, and business environments in these areas are rapidly changing, and subsequent legislation, regulation, litigation, court rulings, or other events could expose us to increased program costs, liability, and reputational damage. We are subject to unclaimed property laws, and differences between the amounts we have accrued for unclaimed property and amounts that are claimed by a state or foreign jurisdiction could have a significant impact on our results of operations and cash flows. We are subject to unclaimed property laws in the United States and abroad, and some of our agents are subject to unclaimed property laws in their respective jurisdictions which require us, or our agents, to turn over to certain government authorities the property of others held by us that has been unclaimed for a specified period of time, such as unpaid money transfers and money orders. We have an ongoing program **designed** to help us comply with those laws. These laws are evolving and are frequently unclear **, subject to interpretation,** and inconsistent among various jurisdictions, making compliance challenging. In addition, we are subject to audits with regard to our escheatment practices. ~~Currently~~ **Recently** in the United States, approximately 30 states **conducted** ~~are conducting~~ a multi- year audit of our escheatment practices through a contracted third- party auditor. We have also commenced a contemporaneous internal review as part of our participation in Delaware' s voluntary disclosure program. Any difference between the amounts we have accrued for unclaimed property and amounts that are claimed by a state, foreign jurisdiction, or representative thereof could have a significant impact on our results of operations and cash flows. We are subject to requirements and guidelines related to financial soundness and strength, and if we fail to meet current or changing requirements or guidelines, including maintaining sufficient amounts or types of regulatory capital to meet the changing requirements of our various regulators worldwide, our business, financial condition, results of operations, and cash flows could be adversely affected. Our regulators expect us to possess sufficient financial soundness and strength to adequately support our regulated subsidiaries. We have substantial indebtedness and other obligations, including those related to the tax imposed on certain of our previously undistributed foreign earnings pursuant to the Tax Act, which could make it more difficult to meet these requirements or any additional requirements. In addition, ~~although we are not a bank holding company for purposes of United States law or the law of any other jurisdiction,~~ as a global provider of payment services and in light of the changing regulatory environment in various jurisdictions, we could become subject to new capital requirements introduced or imposed by our regulators that could require us to raise capital immediately or retain earnings over a period of time. Our regulators also impose restrictions on our ability to use cash generated by our regulated subsidiaries such as those related to minimum qualifying investments, net worth requirements, and restrictions on transferring assets outside of the countries where those assets are located. For instance, our regulators specify the amount and composition of eligible assets that certain of our subsidiaries must hold in order to satisfy our outstanding settlement obligations. These regulators could further restrict the type of instruments that qualify as permissible investments or require our regulated subsidiaries to maintain higher levels of eligible assets. Further, some jurisdictions use tangible net worth and other financial strength guidelines to evaluate financial position. If our regulated subsidiaries do not abide by these guidelines, they may be subject to heightened review by these jurisdictions, and the jurisdictions may be more likely to impose new formal financial strength requirements. Additional financial strength requirements imposed on our regulated subsidiaries or significant changes in the regulatory environment for money transfer providers could impact our primary source of liquidity. Any change or increase in these regulatory requirements or guidelines could have a material adverse effect on our business, financial condition, and results of operations. Risks Relating to Consent Agreements and Litigation Our business is the subject of consent agreements with **, or investigations** or enforcement actions by **,** regulators **and other government authorities** . In early 2017, the Company entered into Joint Settlement Agreements with the DOJ, certain United States Attorney' s Offices, the FTC, FinCEN, and various state attorneys general to resolve the respective investigations of those agencies. Under the Joint Settlement Agreements, the Company was required, among other things, to pay an aggregate amount of $ 586 million to the DOJ to be used to reimburse consumers who were the victims of third- party fraud conducted through the Company' s money transfer services, and retain an independent compliance auditor for three years to review and assess actions taken by the Company to further enhance its oversight of agents and protection of consumers, both of which were performed by the Company during 2017. The Joint Settlement Agreements also required the Company to adopt certain new or enhanced practices with respect to its compliance program, relating to, among other things, consumer reimbursement, agent due diligence, agent training, monitoring, reporting, and record- keeping by the Company and its agents, consumer fraud disclosures, and agent suspensions and terminations. Western Union has continuing obligations under the FTC Consent Order, which is a permanent injunction, as well as the requirement to submit annual reports to the FTC through January 2028. The ongoing obligations under the Joint Settlement Agreements have had and could have adverse effects on the Company' s business, including additional costs and potential loss of business. The Company has also faced actions from other regulators as a result of the Joint Settlement Agreements. For example, on July 28, 2017, the NYDFS informed the Company that the facts set forth in the ~~Deferred Prosecution Agreement (the "~~ DPA ~~")~~ with the DOJ and with certain other United States Attorney' s Offices regarding the Company' s anti- money laundering programs over the 2004 through 2012 period gave the NYDFS a basis to take additional enforcement action. In January 2018, the Company agreed to the NYDFS Consent Order with the NYDFS, which required the Company to pay a civil monetary penalty of $ 60 million to the NYDFS and resolved its investigation into these matters. The term of the DPA expired in January 2020, and it was dismissed in March 2020, and the term of the Independent Compliance Auditor under the FTC Consent Order ended in May 2020. Notwithstanding, if the Company fails to comply with its continuing obligations under the Joint Settlement Agreements, it could face criminal prosecution, civil litigation, significant fines, damage awards, or other regulatory consequences. Any or all of these outcomes could have a material adverse effect on the Company' s business, financial condition, results of operations, and cash flows. Our business is, and may in the future be, the subject of litigation, including purported class action litigation, and ~~regulatory~~ **governmental investigations and enforcement** actions, which could result in material settlements, judgments, fines, or penalties **. Responding to litigation, investigations or enforcement actions also diverts considerable time and resources from management and, regardless of the outcome, can result in significant legal expense** . As a company that provides global financial services primarily to consumers, we are, and may in the future be, subject to litigation, including purported class action litigation, and ~~regulatory~~ **governmental investigations and enforcement** actions alleging violations of consumer protection, anti- money laundering, sanctions, **drug trafficking, human trafficking,** securities laws, and other laws, both foreign and domestic **, including those related to the facilitation of illegal, improper or fraudulent activity. Our industry is under continuing scrutiny from federal, state, and international regulators in connection with the potential for such illegal, improper or fraudulent activities** . Any such regulatory enforcement may be applied inconsistently across the industry, resulting in increased costs for the Company that may not be incurred by competitors. We also are subject to claims asserted by consumers based on individual transactions **. Responding to litigation, investigations or enforcement actions also diverts considerable time and resources from management and, regardless of the outcome, is associated with significant legal expense** . There can be no guarantee that we will be successful in defending ourselves in these matters, and such failure may result in substantial fines, damages and expenses, revocation of required licenses, or other limitations on our ability to conduct business. Any of these outcomes could adversely affect our business, financial condition, results of operations, and cash flows. Further, we believe increasingly strict legal and regulatory requirements and increased regulatory investigations and enforcement ~~, any of which could occur or intensify as a result of the Joint Settlement Agreements,~~ are likely to continue to result in changes to our business, as well as increased costs, supervision, and examination for both ourselves and our agents and subagents. These developments have had, and we believe will continue to have, an adverse effect on our business, financial condition, and results of operations, and in turn may result in additional litigation or other actions. For more information, please see Part II, Item 8, Financial Statements and Supplementary Data, Note ~~6~~ **5** , Commitments and Contingencies. ~~41~~ **42**