Bank of Montreal to Buy Diners Club's North America Franchise from Citigroup

By Joanne Robinson
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In a deal that is expected to close before the end of March, Bank of Montreal announced it is buying Citigroup's Diners Club North America credit card business, becoming the exclusive issuer of Diners Club cards in the United States and Canada. For more details, see CPI's exclusive interview with Terry Wellesley, Managing Director of BMO Spend and Payment Solutions.

This is encouraging news for the Diners Club brand which has struggled over the past few decades to gain a strong foothold in the US market. It did resolve its acceptance problems for North American-issued cards by converting to the MasterCard network several years ago, but still seemed unable to get the traction needed to be a serious corporate card competitor.

Bank of Montreal plans to rebuild the brand, focusing on Diners Club's strength in the T&E card arena and leveraging its multinational corporate card capabilities. Its award-winning Club Rewards program is also very popular among business travelers and fills a gap in Bank of Montreal's current product offering.

By coupling Diners Club with its current P-card portfolio, Bank of Montreal will be well positioned to deliver a fully integrated product offering to corporate customers. Its alliance with Ariba and links to TMCs will also play a key role in delivering an end-to-end solution to clients, along with data that is transformational and actionable. Cross-sell opportunities abound and will also drive growth for the business.

In addition to doubling Bank of Montreal's corporate card portfolio, the transaction includes nearly US$1 billion of receivables and US$7.8 billion in card transactions. With this acquisition, BMO becomes the sixth-largest corporate card issuer in North America, creating another significant competitor in this market.