BMO announces acquisition of the Diners Club North American franchise from Citigroup

“This acquisition will immediately augment our competitive position by enhancing our standing amongst the top Commercial Card issuers in North America. We’ve consistently said that we would seize good opportunities that arise, accelerate growth in our business and improve customer loyalty.”

Frank Techar, President and CEO
Personal & Commercial Banking, BMO Bank of Montreal

On December 31, 2009, BMO Financial Group announced its acquisition of the Diners Club North American franchise from Citigroup. Diners Club is recognized around the world as a premier program for employee Travel & Entertainment (T&E) expense cards. This acquisition will give BMO exclusive rights to issue Diners Club cards in Canada and the U.S.

This acquisition will provide BMO Spend & Payment Solutions clients with continued access to the unparalleled MasterCard network of merchants. In addition, Diners Club global T&E program offers clients unique capabilities and an award winning reward program.

The rewards program features multiple premier airline and hotel partners. One of the major benefits of the Diners Club rewards program is the ability for customers to convert their “Club Rewards” points to airline partner points – something the frequent business traveler particularly appreciates. Club Rewards points can also be redeemed for high-end merchandise, travel, hotels and a host of other options.

The deal strengthens BMO’s global reach. This acquisition enables BMO to partner with other Diners Club franchisees around the world to deliver a seamless world-class T&E offering. In particular, Diners Club brings exceptional international reporting and data management capabilities which are essential to our multinational clients.

BMO is committed to strategically provide you, our valued clients, with a superior suite of products and services. In this regard, the Diners Club North American franchise will provide additional options to our already strong offerings.
Letter from the Managing Director

It has been an exciting time at BMO with our recent acquisition of the Diners Club North American franchise. Diners Club, a premier international corporate card brand, will complement BMO’s existing program with an expanded global reach and an award-winning reward program. We are delighted to be adding Diners Club to our existing line of signature offerings. In this issue, we highlight the key features and benefits Diners Club will deliver. We will share additional information with you as it becomes available.

As I look at the past year, it is clear that the recession has permanently challenged existing spending paradigms. Now more than ever, organizations must spend smarter and ensure efficient use of working capital. In this issue of APEX, we provide visibility on how BMO Spend & Payment Solutions can help maximize your savings through a commercial card program and provide better control over T&E expenses. We also update you on how BMO is working to minimize credit card fraud.

Cost management and improved efficiencies have become the new norm for successful organizations. BMO is committed to offering you, our clients a suite of solutions which will ensure your spend and payment programs are operating optimally. As we watch the economic recovery unfold, organizations that are actively taking steps to drive these efficiencies will be well positioned to thrive in the new economy.

I wish you a successful and prosperous New Year.
Organizations adopt card programs to help with efficiency and productivity. Yet, organizations often miss out on significant cost savings — either because processes have not been optimized or too many purchasing transactions are bypassing the card program.

Enter BMO Spend & Payment Advisors. BMO’s Advisors provide organizations with industry knowledge, expertise and experience in analyzing spend and payment practices. BMO’s expert Advisors have been able to hallmark a tailored consulting strategy to help clients realize the value of their card program. Our Advisors start by working with clients to uncover realistic opportunities for program growth through a detailed spend analysis. Following this is where the exceptional value of the service is brought to bear: the Advisors identify and provide actionable recommendations to breaking down the barriers to achieving all the potential benefits within the client’s card program, thus allowing them to develop recommendations that are not only achievable but also customized to the client’s business objectives.

According to Robert Bast (Senior Manager, BMO Spend & Payment Advisors), “Over the past six years, we’ve contributed to millions of dollars in cost savings and revenue generation for our clients.” Bast explains that many organizations have a difficult time identifying tangible values for what can be put onto a card. But through an unbiased measurement and analysis of an organization’s current programs, BMO’s Advisors provide recommendations regarding the improvement and control of corporate spend management performance. Bast reports, “Our results are quantifiable gains in efficiency and profitability. In fact, we’ve even developed proprietary tools, such as our scorecard that can monitor the progress of the card program against the tangible targets set out in our analysis.”

Our difference

In recounting his experience, Bast says, “We have had many clients come to us with studies, audits or consulting engagements that were too generic or simply not actionable. Our difference: we look to create short to mid-term actionable recommendations and then continue to support our clients through the implementation.”

BMO Spend & Payment advisors recently consulted with BMO client BC Hydro, who had this to say: “The BMO Spend & Payment Advisors team provided us with a strong business case on how we could grow our p-card program. Not only were their recommendations actionable but they were also supported by detailed process mapping, spend analytics and input from purchasers and managers. Overall the team was invaluable as they identified achievable card program targets and helped us with the necessary change management strategies that would support these goals.”

BMO Spend & Payment Advisors take great pride in the work they do and stand behind their accomplishments. According to Bast, “Our relationship with each client is a partnership and unless the client derives results, we do not benefit from the work we do. In order for us to succeed, we have to ensure that our clients do see significant results.” Bast points out that most organizations analyzed by BMO Spend & Payment Advisors have card programs that do not require a radical overhaul. He states, “Clients don’t need to reinvent the wheel. We work with each customer to design a solution that takes full advantage of what they have and what works best for them.”
BMO alliances drive travel savings

As most organizations know all too well, getting a handle on Travel & Entertainment (T&E) costs can be extremely challenging. In addition to the fact that hundreds or even thousands of employees may travel on behalf of an organization, the data from these transactions originates from many independent sources – the corporate card issuer, the travel booking supplier, directly from certain vendors, and from the expense claim system.

The ongoing task that many organizations face is that of effectively integrating, matching and reconciling this data in a way that enables them to measure policy compliance and identify cost-savings opportunities.

With this in mind, BMO Spend & Payment Solutions has formed a number of strategic alliances that are focused on helping clients identify measurable cost-savings opportunities by delivering more integrated and actionable T&E data to their systems.

BMO recently announced alliances with CyberShift Inc. on the expense management side, and Tri-Pen Travel Master and MasterCard Worldwide for enhanced business travel data aggregation and reporting services. The value of such alliances is that in addition to ensuring that all of the partners’ solutions are seamlessly integrated with BMO corporate data, we’ve taken the extra step to ensure that our various partners are integrated with each other.

What this means for you, is that multiple sources of travel data are aggregated for you and that opportunities for cost savings are clearly identified, often in real time.

“It’s all about giving our clients a 360-degree view of their travel spend and providing access to the tools and technologies that they can use to drive sustainable cost savings to their corporate travel programs,” says Terry Wellesley, Managing Director, BMO Spend & Payment Solutions.

The benefits organizations can enjoy from integrating corporate card with automated expense management include the ability to:

1. Monitor spend controls and administer company policies in real time.
2. Ensure compliance for the approval and audit of T&E and other business expenses relative to corporate governance and financial reporting requirements including Sarbanes-Oxley.
3. Put more effective fraud detection processes in place.
4. Achieve greater control over costs resulting in a reduction in overall spending.
5. Decrease labor costs associated with processing expense reports.
6. Enjoy greater operational savings resulting from savings through Value Added Tax (VAT) recovery, exchange rate leakage, timely re-billing of expenses, tax deductions, and improved corporate card management.

While these benefits are certainly significant, organizations can enjoy even greater transparency and control over their T&E spend through the use of enhanced reporting and data aggregation tools, such as the travel dashboard solutions offered through the BMO alliance partners.

By utilizing dashboard technologies that are integrated with their corporate cards, organizations can:

1. Get an unprecedented view of global travel activity and spend, as data from corporate card, travel bookings and even out-of-pocket expenses are consolidated in one database.
2. Receive real-time cost-saving recommendations regarding actions they should consider in certain travel situations.
3. Monitor corporate travelers on the road, including tracking all deviations travelers make from their originally booked itineraries.
4. Receive real-time notifications of out-of-compliance bookings, including the ability to take steps to correct these actions before the charges even hit a corporate card.

“I’m a firm believer in the concept of what you can see, you can control,” says Terry Wellesley.

With BMO and its alliance partners, achieving visibility, compliance and control of corporate travel programs on a global scale has never been easier.
How we’re working to minimize credit card fraud

At BMO Spend & Payment Solutions, we work continually with MasterCard International as well as law enforcement to stamp out the fraudulent use of credit cards, minimize identity theft and ensure the employees of our corporate clients maintain non-interrupted access to the purchasing power of their cards. Although cards continue to add layers of security, criminals continue to find ways to successfully compromise cards.

**Fraud techniques:**

- Widespread skimming of cards at merchant locations such as gas bars and convenience stores
- Using hidden skimming and data transmissions devices installed at merchant terminals and ATMs
- Merchants and third party processors not implementing the required security standards to prevent against hacking of card data residing on their systems storing card data (which is against MasterCard International rules).

Among the many resources used to reduce fraudulent transactions on compromised cards is real-time monitoring of transactional activity. Certain card activities set off figurative alarm bells. For instance, two transactions on the same card may take place in distant locations within a short time period. Or, a transaction may not fit the historical pattern of a cardholder. These and other indicators of suspicious activity can lead BMO to temporarily block transactions until the cardholder is reached by BMO MasterCard security.

**The future of fighting fraud**

Chip technology is about to play an important role in minimizing card fraud. Credit cards that contain a microchip have already been used in Europe for years with an excellent track record in increasing security. BMO was the first MasterCard Issuer in Canada to make chip cards available to retail cardholders and we’ve already issued millions of retail chip cards. We will be rolling out chip cards for our Corporate Card customers across Canada in 2010.

Chip cards protect against compromise by requiring a PIN entry with every transaction at chip-enabled terminals. BMO chip cards also contain several new security enhancements including a feature that erases the chip memory if someone tampers with the chip.

**A delicate balance**

At BMO Spend & Payment Solutions, we are constantly weighing the need to prevent fraud against the inconvenience customers experience if cards are blocked due to compromised cards and suspicious activity.

To better manage this balance, we’re currently enhancing the way our security team deals with issues involving compromised and suspect cards. For instance, our communication with clients will be streamlined and program administrators better guided through the stages of large compromised card events. Instead of multiple calls to the Card Program Administrator, there will be a single bundled call with information regarding all cards. When cards are replaced, recipients will also receive reasons for the replacement, since cardholders are not always aware that their cards have been compromised. And, while suspicious transaction detection is more than 90% accurate, we continue to work to improve our accuracy.
BMO Spend & Payment Solutions offers our clients regular training sessions for details Online users. Every week we deliver General Administrator training to help clients use and manage the details Online (DOL) data warehouse solution. This weekly session provides the how-to knowledge required to perform key functions including system and program administration, reconciliation, reporting and extracting data. Our experienced facilitators deliver presentations that are informative and will help you optimize the use of DOL.

If you would like to sign up for any of our training sessions or for more information, please email us at bmo.sps@bmo.com.

Client Connect Webinars

- BMO Spend & Payment Solutions has recently launched the Client Connect Webinar series. These webinars will provide program administrators and procurement managers with information that covers industry trends, best practices and future technology. You also have the opportunity to provide your feedback and input to future webinars at the end of each session.
- If you would like to be invited to this series of online information sessions, please email us at: bmo.sps@bmo.com.

Upcoming Events

Please check our website under “News, Articles & Events” for upcoming events where our BMO Spend & Payment team will be in attendance.

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