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January 5, 2006

Letters to the Editor
The Wall Street Journal
200 Liberty Street
New York, NY 10281

Dear Editor:

Somewhere George Orwell is smiling. In his harrowing book, *1984*, he creates a brutally efficient and totally controlled world run by Big Brother—a world that could come to pass through the economic vision painted by your editorial (“Banking Against Wal-Mart” January 4, 2006).

If your newspaper has its way, Americans would live in an Orwellian economic world where monopoly means diversity, free enterprise means monopoly, and no consumer choice means endless consumer choice. (At the Independent Community Bankers of America we define choice as more than just which aisle to shop in.)

ICBA believes strongly in fair competition and free enterprise. But we have grave concerns about an enormous commercial enterprise such as Wal-Mart entering the banking business. We are concerned about the future of our nation’s small businesses that depend on their community bank for unbiased credit decisions. The allocation of credit on merit, not competitive concerns, is one of the key principles behind the separation of banking and commerce. Would a Wal-Mart bank loan money to competing businesses?

Your editorial cites American Enterprise Institute’s Peter Wallison, who wrongly asserts that Congress “eviscerated the policy case against allowing commercial firms to affiliate with banks.” Actually, Congress *reaffirmed*, not eviscerated, the separation of commerce and banking when it passed the Gramm-Leach-Bliley Act of 1999. Congress specifically considered—and rejected—the idea of commercial companies owning banks in passing GLBA.

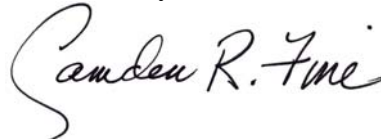
Moreover, GLBA shut tight one avenue for commercial firms to enter banking by prohibiting commercial companies from owning thrift institutions. It’s no coincidence that at that time Wal-Mart had an application pending to acquire a thrift institution. In fact, it spurred Congress to ensure that GLBA blocked Wal-Mart’s entry into banking.

Any potential consumer benefits from lower prices at a Wal-Mart Bank will be short-lived. Wal-Mart may bring prices down until they monopolize an area, but if there is no other business to counterbalance Wal-Mart, it will be able to price however it wants.

You infer that Wal-Mart's heft would make its bank "financially sturdy" and "less susceptible to the risk of closure" (thereby safeguarding the FDIC fund) than community banks. But imagine if Enron or WorldCom, once the darlings of Wall Street, had owned a bank. The repercussions and cost of such a failure would be staggering. And, in fact, our nation's community banks on a percentage of assets basis are (and historically have been) more highly capitalized than their larger brethren.

America is well served by having a diversified unbiased financial services industry that gains strength through fair and healthy competition. As President Teddy Roosevelt's attorney general Philander Knox said in 1902 in prosecuting the trust-busting cases, "Uncontrolled competition, like unregulated liberty, is not really free." Evidently your newspaper would prefer to see economic and financial concentration in the hands of a few and call it free enterprise. We call it oligopoly. We doubt that it is a world in which most Americans want to live.

Sincerely,

A handwritten signature in cursive script that reads "Camden R. Fine". The signature is written in black ink and is positioned above the typed name and title.

Camden R. Fine
President and CEO