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Letter to the Editor
Washington Post
VIA Email: acostag@washpost.com
February 23, 2006

I am writing on behalf of the Independent Community Bankers of America (ICBA) regarding Kathleen Day's article "Piggy Banker?" (The Washington Post, February 12) about Wal-Mart Stores Inc.'s application for an industrial loan company.

While Ms. Day's article is thorough in its understanding of Wal-Mart entering banking, ICBA, which represents nearly 5,000 community banks, has serious concerns about the public policy implications of mixing banking and commerce. The inherent risk to our nation's economy and to consumers of allowing such an enormous concentration of financial and economic capital in the hands of the world's single largest commercial enterprise is a major public policy issue, and should be thoroughly debated in the Congress before a decision is made by any administrative agency regarding Wal-Mart's application to enter banking.

We are concerned about the future of our nation's small businesses should Wal-Mart receive a bank charter. Small businesses are the economic engines of America's communities. Small businesses depend on their community banks for unbiased credit decisions in order to sustain and grow their operations. The impartial allocation of credit is a key principle behind the separation of banking and commerce. Would a Wal-Mart bank loan money to competing businesses? Will a bank owned by a commercial enterprise make unbiased lending decisions when considering a loan to a business that is also one of its competitors?.

Further, would banking fees really fall if a Wal-Mart bank was the only bank in town? Potential consumer benefits from lower fees at a Wal-Mart bank may be short-lived. While fees may drop initially, once Wal-Mart monopolizes an area, it will be able to set its prices however it wants.

And what about the nation's diversified payments system which allows businesses and consumers the freedom to choose their payments transaction systems? Wal-Mart has a very well known reputation for playing hardball with its suppliers. Would a Wal-Mart bank demand that the store's suppliers exclusively use its financial services? Some suppliers derive a substantial portion of their sales and bottom line profits from Wal-Mart. This gives Wal-Mart extraordinary influence over their suppliers, and could be used to restrict a company's financial options.

ICBA: The Nation's Voice for Community Bankssm

ICBA believes strongly in fair competition and free enterprise. The fundamental principle of the separation of banking and commerce, which was reaffirmed by Congress in the Gramm, Leach, Bliley Act of 1999, protects the vitality and diversity of our nation's commercial and financial systems. That's why we have been on the forefront of working to close the ILC loophole and prevent commercial enterprises like Wal-Mart from entering banking.

Sincerely,

A handwritten signature in black ink that reads "Camden R. Fine". The signature is written in a cursive style with a large, looping initial "C".

Camden R. Fine
President & CEO