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President and CEO

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To Whom It May Concern:

I read with great interest Daniel McGinn's article Wal-Mart Hits the Wall (Newsweek, Nov. 14 2005). Nowhere does your article mention what is certainly one of the most important questions in the debate over whether Wal-Mart is good or bad for America: that Wal-Mart is seeking to expand its retail empire to cross the lines from commerce into banking. At issue is Wal-Mart's application to open an "industrial loan company" or ILC, in Utah. Ostensibly, Wal-Mart is seeking to process its own credit and debit transactions by using a loophole to apply with the Utah Department of Financial Institutions for a state banking license and for federal deposit insurance with the FDIC.

But the Independent Community Bankers of America (ICBA) which represents nearly 5,000 community banks nationwide believes that Wal-Mart is crossing the line between banking and commerce. The separation of banking and commerce was put in place to avoid overwhelming economic concentration, direct threats to the safety and soundness of the financial system and consumers, and to avoid conflicts of interest-such as having a Wal-Mart bank make credit decisions for its competitors. Further, an owner of an ILC, unlike a commercial bank holding company, is not subject to the restrictions of the Bank Holding Company Act nor to the supervision and regulatory oversight by the Federal Reserve. As such, a Wal-Mart bank potentially creates a parallel – and unregulated – banking system throughout Wal-Mart's 3,700 big box stores.

ICBA is a founding member of the Sound Banking Coalition, which includes the National Grocers Association, the National Association of Convenience Stores, and the United Food and Commercial Workers International Union. We are working diligently to keep banking and commerce separate and deter Wal-Mart from adding community banks to the list of boarded-up businesses and communities which could become the stars of a movie entitled "Lee Scott and me."

Sincerely,

Camden R. Fine  
President & CEO

Cc: Daniel McGinn, Newsweek

ICBA: *The Nation's Voice for Community Banks*<sup>sm</sup>