



April 22, 2008

The Honorable Joe Wilson
212 Cannon House Office Building
Washington, D.C. 20515

Dear Joe:

I am writing on behalf of the members of the South Carolina Bankers Association to express our opposition to H.R. 5546, the Credit Card Fair Fee Act, and to ask that you consider removing your name as a cosponsor of this legislation. This misnamed legislation, if enacted, will increase the cost of credit to all Americans and would have a devastating impact on community banks in South Carolina.

This legislation aims to create a government bureaucracy – a panel of three government-appointed lawyers – that would arbitrarily decide rates and terms for the electronic payments system. In short, H.R. 5546 is legislation designed to impose price controls on a properly functioning payment system that works to the benefit of consumers, merchants, community banks and the local economy.

Merchants receive significant, undeniable benefits from accepting electronic payments, foremost the ability to maximize consumer satisfaction and company sales. These guaranteed, immediate payments help merchants avoid bad check losses, employee theft, check float loss and costs associated with billing and collections, and managing and depositing cash. Electronic payments literally enable electronic commerce and speed customers through checkout lines.

When merchants *choose to accept* payment cards, they pay a penny or two on each dollar for the ability to accept electronic payments. H.R. 5546 would impose government price setting in an effort to reduce the merchants' cost of doing business while increasing the costs and reducing the benefits to everyday consumers.

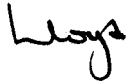
Price controls on electronic payments systems will harm small community banks in your state and will ultimately harm the consumers they serve. Interchange fees cover the significant risks and costs associated with providing electronic payments including payment risk, fraud risk and the operational costs of providing the incredibly efficient and seamless payment system we have today. They also provide small community banks with an important revenue stream that enables them to offer payment cards to their customers, allowing them to compete on a level playing field with the world's largest banks.

There is significant customer demand for banks in your district to offer card products to complement their traditional bank offerings. Limiting the electronic payments system with government price controls would likely shrink the market to a handful of large card issuers and reduce choices for consumers. It's hard to see how such a system would benefit the people of South Carolina and the banks that serve them.

This legislation, if enacted, would move to disrupt the balance established by a properly functioning and remarkably successful marketplace in which customers, merchants, financial institutions and networks have benefited. In fact, a similar interchange price control regime in Australia allowed merchants to reap a windfall of savings, at the expense of cardholders who experienced increased fees, rates and the elimination of rewards, while prices for goods and services remained the same.

I would ask you to strongly consider removing your name from this list of cosponsors of this legislation. Merchants, banks, and card networks have worked together for more than 50 years to build an efficient and accessible electronic payment system that is convenient, secure, reliable and global. I encourage you not to turn back the clock by lending your support to H.R. 5546.

Sincerely,

A handwritten signature in black ink, appearing to read "Lloyd I. Hendricks". The signature is written in a cursive, slightly stylized font.

Lloyd I. Hendricks
President and CEO