



301 Wall Avenue • P.O. Box 15994 • Knoxville, TN 37901 • (865) 544-5400 • tvacreditunion.com

February 3, 2011

The Honorable Ben S. Bernanke
Board of Governors of the Federal Reserve System
Washington, DC 20551

Dear Chairman Bernanke:

Thank you for the opportunity to provide input to the Federal Reserve Board regarding the proposed cap on interchange income being issued under the Durbin Amendment of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

With assets of \$925 million, Knoxville TVA Employees Credit Union represents more than 118,000 members and small business owners throughout East Tennessee. We have significant concerns about the impact of the proposed cap on interchange income. While the proposal is aimed at institutions over \$10 billion in assets, the application of the action could eventually apply to all financial service providers, regardless of size.

The "safe harbor" of \$0.07 per transaction as it currently stands would result in a loss of 95% of the Credit Union's current interchange income. The original intent of the legislation was to reduce costs to consumers, however it will have the opposite effect. The loss of income would directly impact the products and services offered to our member account owners. To recoup this loss, the Credit Union would need to charge each debit card holder an additional \$43.00 annual fee.

The Credit Union is concerned that the proposal does not include provisions to enforce the small issuer exemption.

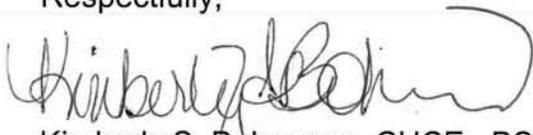
The Honorable Ben S. Bernanke

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January 27, 2011

We urge you to take sufficient time to gather and analyze all of the information before issuing a proposed rule. This rule could have a substantial negative impact on cardholders. Thank you for the opportunity to provide comments on behalf of our 118,000 member owners.

Respectfully,

A handwritten signature in black ink, appearing to read "Kimberly S. Bohannon". The signature is fluid and cursive, with a large loop at the end.

Kimberly S. Bohannon, CUCE, BSACS
Compliance and Risk Management Officer.

C: Glenn Siler, President/CEO
Shannon York, CFO
Board of Directors