

Economic Growth and Regulatory Paperwork Reduction Act

OUTREACH MEETING

Federal Reserve Board • Federal Deposit Insurance Corporation • Office of the Comptroller of the Currency



Mercantile

Bank Corporation

www.mercbank.com

SAMUEL G. STONE, CFA
EXECUTIVE VICE PRESIDENT

310 LEONARD STREET N.W.
GRAND RAPIDS, MI 49504
616.233.2342
FAX 616.726.1500
sstone@mercbank.com

Side 1

Capital does not grow on trees. It is only provided when there is an expectation of return. Access to more capital is only maintained by delivering returns.

Requiring more capital relative to assets dictates a need for higher returns on assets.

Higher return on assets can come from greater efficiency or greater risk. If greater risk is not the goal, focus must be on efficiency. Cost of compliance with regulation must be reduced.

Side 2

If more limited risk is desired, more capital is not the answer. Putting brakes on activities (by banks and non-banks) that originate high risk assets is necessary. Consumer compliance and Safety and Soundness can have conflicting objectives. These aspects of regulation need to be coordinated within the regulatory realm and not separated with banks left to resolve the conflicts.