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TO THE
HOUSE COMMITTEE ON HUMAN SERVICES
THE TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION OF 2009

Monday, March 2, 2009
8:30 a.m.

TESTIMONY ON H.C.R. NO. 16 - ENCOURAGING STATE AND COUNTY ACTION TO STIMULATE INDIVIDUAL SAVINGS AND DEVELOPMENT OF CREDIT AND TO FORMULATE AN INVENTORY OF BANKING SERVICES AVAILABLE TO LOW-INCOME PERSONS AND THOSE WITH NO CREDIT HISTORY IN THE STATE.

THE HONORABLE JOHN M. MIZUNO, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Nick Griffin, Commissioner of Financial Institutions ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). We appreciate the opportunity to testify on House Concurrent Resolution No. 16. The Department supports this resolution.

The purpose of this resolution is to encourage State and county action to stimulate individual savings and development of credit and to formulate an inventory of banking

services that are available to low-income persons and those with no credit history in the State.

House Concurrent Resolution No. 16 observes that handling payments through a bank account provides a gateway for households to enter the financial mainstream and become owners of financial assets and that those households are more likely to own other assets, including accounts related to savings, credit, and insurance, while those without financial accounts are less likely to do so.

Consumers without a relationship with a mainstream financial institution may also pay high transaction fees for services, such as check cashing, and pay interest rates to purchase items through rent-to-own companies.

Clearly, in the American economy, consumers who have established banking relationships have access to better tools to save, build assets and enhance their ability to manage money and make significant financial decisions regarding education, homeownership, health care, self employment, and retirement.

In view of these positive outcomes generated by consumer access to mainstream financial services and products, the Department welcomes the opportunity to work with local financial institutions to encourage the integration of the unbanked and underbanked populations into the financial mainstream here in Hawaii.

Thank you for the opportunity to testify. I would be happy to respond to any questions you may have.