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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Judiciary
Friday, March 29, 2019
9:30 a.m.
State Capitol, Conference Room 016**

**On the following measure:
H.B. 1163, H.D. 1, S.D. 1, RELATING TO SAVINGS PROMOTION CONTESTS**

WRITTEN TESTIMONY ONLY

Chair Rhoads and Members of the Committee:

My name is Iris Ikeda, and I am the Commissioner of Financial Institutions for the Department of Commerce and Consumer Affairs' (Department) Division of Financial Institutions. The Department appreciates the intent of the bill to incent consumers to save money and offers comments on this bill.

The purpose of this bill is to authorize financial institutions that are depository institutions to conduct savings promotion contests in which its account holders are contestants.

The Department notes that regulatory oversight is already in place that would deter financial institutions from offering a prize-linked savings or savings promotion contest in a manner that jeopardizes their safety and soundness, misleads their customers, or violates federal law.

Should this measure move forward, the Department suggests one change on page 4, lines 11-15, to remove an inconsistency relating to interest rates on comparable accounts: “The interest earned, if any, on the consumer’s savings promotion or prize-linked savings account; [~~provided that the interest rate for that account is lower than the interest rate associated with a comparable account;~~] or”

Thank you for the opportunity to testify on this bill.



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Testimony to the Senate Committee on Judiciary
Friday, March 29, 2019, 9:30 am
Hawaii State Capitol, Room 016

In Support of HB 1163, Relating to Savings Promotion Contests

To: The Honorable Karl Rhoads, Chair
The Honorable Glenn Wakai, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 51 Hawaii credit unions, representing over 800,000 credit union members across the state. We offer the following testimony in strong support of HB 1163, relating to Savings Promotion Contests.

This bill would allow financial institutions to offer a savings promotion contest program to their account holders. This program is also known as “prize-linked savings.” The concept is to encourage asset savings through incentives in the form of prizes that can be won. Entry is dependent on depositing funds for the purpose of saving. While the program has been active in many states, it has not been possible in Hawaii because of stringent laws prohibiting gambling.

Asset savings is a financial barrier for many people. Promoting saving money would help people achieve their financial goals, and HB 1163 could be a way to do this.

Thank you for the opportunity to provide testimony.



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March 27, 2019

Senate Judiciary Committee
Friday, March 29, 2019, 9:30am
Conference Room 016

HB1163, HD1, SD1 - SUPPORT

Aloha Committee Chair, Vice-Chair, and Members:

I am submitting testimony in my capacity as Executive Director of Hawaiian Community Assets (HCA), Hawaii's largest HUD-approved housing counseling agency, to **SUPPORT HB1163, HD1, SD1.**

HB1163 would incentivize all Hawaii residents, young and old, to save for their future and help build positive, long-term financial habits.

As an organization that serves thousands of low- and moderate-income households annually with financial education and counseling, we recognize that these families can and will save when properly incentivized. HB1163 would properly incentivize our families to build savings that could be used for financial emergencies or to achieve long-term financial goals like going to college, starting a business, or buying a home.

Mahalo for your time, leadership and consideration. We encourage the committee to pass HB1163, HD1, SD1. Please contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need additional information.

Sincerely

A handwritten signature in black ink that reads "Jeff Gilbreath".

Jeff Gilbreath
Executive Director