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February 23, 2021

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
Members of the House Finance Committee

Re: HB1192 HD1 Relating to Consumer Protection - **SUPPORT**

On behalf of Dollar Financial Group (“DFG”), we respectfully submit the following testimony in **SUPPORT** of HB1192 HD1, for the reasons described below.

We would like to begin by applauding both the Legislature and this Committee for considering the industry and consumer advocacy groups’ feedback related to prior proposed legislation on alternative financial service products for non-prime consumer borrowers in Hawaii and drafting a bill that can place Hawaii at the forefront of alternative finance regulation, while at the same time addressing a growing social problem in the state. By building additional measures into Deferred Deposit Transactions and creating a solid statutory and economic framework for Installment Loans, HB1192 HD1 provides consumers with a greater number of credit options better suited to their situation and credit profiles, while at the same time helping them improve their credit history (which a viable installment lending product will enable them to do). Based on its extensive experience offering credit products in other jurisdictions, DFG strongly believes that the optimal regulatory framework is one that both enables and encourages the delivery of appropriately priced products best suited to the needs of consumers and creates an economically sustainable lending market.

DFG currently is the largest non-prime, small-dollar lender in the State of Hawaii, with 8 places of business, with over 21,000 customers within the state. DFG is a leader in the United States and Canada in the provisioning of deferred deposit transactions, installment loans, money transfer services, and check-cashing services to the unbanked and underbanked consumers. DFG has recent experience in other U.S. jurisdictions, including California and Florida, and in nearly every province in Canada, with the introduction of new, small dollar installment loans similar to what is proposed in HB 1192. As a result, we believe that DFG is uniquely capable to begin offering a new Installment Loan product on a relatively short time frame should HB 1192 become law with the conditions and provisions we have recommended and supported.

In this regard, it is important to realize that a new installment lending product will require a substantial capital investment prior to any lender being able offer such an installment loan in Hawaii and a significant period of time will be necessary to determine whether the installment loan product will succeed in Hawaii. In testimony provided in connection with prior bills, local banks have validated this position and indicated that they were not inclined to make such an investment and enter this type of loan market.

DFG recognizes how essential it is for the regulatory terms to enable a viable and sustainable non-prime, installment lending market to take hold in Hawaii for consumers to be able to move up the credit product ladder, with installment loans acting as a new and essential rung on that ladder. We also feel

it is of paramount importance that Deferred Deposit Transactions are not eliminated wholesale, but instead are enhanced to better align certain provisions with best practices we have recently seen implemented with success in several jurisdictions in North America where we operate. Regulators and legislators should evaluate these enhancements to Deferred Deposit Transactions prior to making a final decision to cutting off this product type to consumers in Hawaii. If Deferred Deposit Transactions are terminated at some time in the future, provisions should be made to amend the Installment Lending framework to account for the “gap” that will result in the lending market with the removal of those transactions. Accordingly, should HB 1192 provide any sunset provisions in respect of Deferred Deposit Transactions, we recommend that the effective date for any such termination not occur prior to 2024. This will allow adequate time for new market entrants to fully establish their Installment Lending programs and will give both the legislature and department time to determine what is and is not working about the transition.

In summary, we believe that if HB 1192 HD1 were to be passed, it would result in an enhanced short-term single payment loan product and a new larger, longer-term, installment loan product to be offered in Hawaii. Together, these would serve as superior credit options for Hawaii’s non-prime consumers than what is presently provided for under current regulations. The introduction of a new installment loan product, in particular, will be beneficial in enabling non-prime consumers to improve their credit histories and hopefully gain access to traditional banking products. HB1192 HD1 can create stronger protections for the consumer and provide the efficiencies and economics necessary for a viable non-prime installment lending market to take hold in Hawaii. A more effective non-prime lending market can help these borrowers by providing better tailored credit products, enabling them to repair or improve their credit histories, lowering their cost of credit and, most importantly, providing them with continued access to much needed credit to deal with the demands of their daily lives.

Thank you for your consideration of our testimony.

Very truly yours,  
DOLLAR FINANCIAL GROUP

James Odell  
General Counsel and Executive Vice President



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

**STATE OF HAWAII  
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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Finance  
Tuesday, February 23, 2021  
2:00 p.m.  
Via Videoconference**

**On the following measure:  
H.B. 1192, H.D. 1, RELATING TO CONSUMER PROTECTION**

Chair Luke and Members of the Committee:

My name is Iris Ikeda, and I am the Commissioner of the Department of Commerce and Consumer Affairs' (Department) Division of Financial Institutions (DFI). The Department appreciates the intent of this bill and offers comments.

The purpose of H.D. 1 is to: (1) establish a framework for providing an installment loan program; (2) allow check cashers to continue to make deferred deposit check transactions and offer a voluntary payment plan after the third deferred deposit transaction if the customer is in financial hardship; (3) allow one deferred deposit check transaction at a time per customer; (4) repeal deferred deposit transactions after July 1, 2023; (5) require the DFI to report on the progress of transitioning check cashers to installment lenders; and (6) authorize the DFI to hire two examiners and procure equipment to carry out the purposes of the installment loan program.

The Department appreciates the intent of H.D. 1 to address the unsustainable cycle of debt consumers face when they engage in deferred deposits activity. The installment loans licensing regime in part II will provide consumers with an alternative

form of financing that will allow consumers to repay their loans over time. Short-term unsecured loans are necessary for consumers who have little or no access to traditional bank loans or who do not have appropriate collateral for a traditional financial institution loan. The Department continues to work with stakeholders to provide this short-term lending regime for consumers.

The Department notes that part V of H.D. 1: (1) requires the DFI to submit a report on the implementation of this act and to update the Legislature on its progress in transitioning payday lenders to installment lenders; and (2) provides for general fund appropriations of an unspecified amount for two full-time positions and for resources to procure an electronic system to assist in regulating installment loan lenders. The Department requests making part V effective upon approval, to provide the DFI with sufficient time to prepare the report and establish the program. Also, the two-year transition period will be important to give the industry time to become familiar with and transition to the new licensing requirements.

Thank you for the opportunity to testify on this bill.

# Maui Loan Inc

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February 21, 2021

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice-Chair  
And Members of House Committee on Finance

SUBJECT: **HB1192 HD1 - RELATING TO CONSUMER PROTECTION**

FROM: Kamaaina Loan

Dear Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance

Aloha, I **OPPOSE** HB1192,HD1 - RELATING TO CONSUMER PROTECTION.

My name is Richard Dan and I operate Maui Loan, both locally owned and operated brick-and-mortar alternative financial services businesses. Before I get into my testimony on this particular bill, I need to alert State legislators to the background of these half-dozen related bills.

All have been inspired by one company — a foreign (Canadian) company called dollar financial and a related business called Money Mart. Since these bills have been written to suit Money Mart and to hinder the operations of anyone else -- particularly local firms — in effect the Hawaii Legislature is being asked to create a monopoly.

And not just a monopoly, bad as that would be, but a monopoly in favor of a company that, as you will see, has a terrible reputation in those states where it is still operating; and, if anything, a worse one in those states where it has been kicked out

My name is Richard Dan and I operate the oldest and largest pawnshop/second-hand dealership on Maui. We are a family-owned, community-based local business and over the past four decades i have worked with the Maui Police Department to keep Hawaii's pawn and deferred deposit loan businesses aboveboard and useful to both me and my customers.

Versions of SB1192 have been before the Hawaii Legislature for the past 10 years, and each year they have failed to find support. There are several reasons for this, but from my point of view the most important is that Hawaii already has the best deferred deposit regulations in the country. I can back this up by pointing out that very few consumer complaints are brought against operations running under Hawaii law.

I am painfully aware that there are complaints, but these are overwhelmingly against Internet, foreign and totally unregulated lenders. If the Legislature wishes to do something useful in this area, it should go where the problems are.

In Hawaii, borrowers are limited to one payday loan at a time. This helps keep them from becoming overextended, and it also helps protect lenders. We do not want to be lending to customers who have already taken on one or more deferred deposit loans. For one thing,

Representative Sylvia Luke, Chair  
House Committee on Finance  
HB1192, HD1 – RELATING TO CONSUMER PROTECTION  
February 21, 2021  
Page 2

customers who do that must have falsely completed their application. These forms clearly state to customers that they cannot have more than one deferred deposit loan at a time.

I also oppose forcing borrowers to take on larger loans than they want. This should be self-evident; it will be more efficient to keep debt as low as possible. If the minimum loan is made larger, then my business cannot give customers a break over bank late fee.

Let me give an example. If a customer needs \$150 (typical for my Maui customers) and is, for whatever reason, in danger of paying a bill late and incurring a \$30 or \$35 late fee, the customer can instead come to me and get \$150 for a total fee of about \$20.

I do have one suggestion for improving the current regulation. I have proposed this year after year: Require a 3-day “cooling off” period between payday loans.

Since a payday loan must be paid off in cash before being renewed, a gap between ending one loan and obtaining another will encourage borrowers to manage their debt more carefully.

If you will review the complaints filed against these mysterious lenders in online forums, it appears that, at the very least, it is not doing an adequate job of clearly informing borrowers of their risks, rights and obligations. Also, there seems to be no way for customers to obtain even a hearing, much less satisfaction, when they do have a dispute. If a customer of one of those unregulated Internet lenders has a problem, lots of luck to him even finding a place to start.

My business has had almost no complaints but if anyone does want to make one, they know where to find me. I have been on North Market Street for 40 years.

If I can be of assistance in crafting more equitable, accountable and safe legislation as it relates to the matter of small short-term loans and/or payday lending, please contact me at Tel: (808) 244-6666.

Sincerely,  
Maui loan Inc  
***Richard Dan***  
Richard Dan President

Attachment

<https://www.consumeraffairs.com/finance/moneymart.html?#sort=recent&filter=1>

Rated with 1 star

Jerrilynn of Kitchener, ON Verified Reviewer

Original review: Dec. 9, 2020

Worst experience of my life. I went in to cash a check that I received in the amount of 50.00 after participating in a fundraising online raffle. After being questioned by Jennifer about what the check was for, she disappeared into the back room and came back 10 minutes later telling me she wasn't going to cash it, it wasn't legit and I needed to get out... Even after I gave her the website for the raffle and the treasurer's name (this was a catch the ace lottery fundraiser for crimestoppers).

Rated with 1 star

Mike of Meriden, CT Verified Reviewer

Original review: Oct. 16, 2020

I received an email from a collection agency with a lawyer's name attached stating that I owed over 1000 dollars to Money Mart. I have never even heard of this company until I got the email. I have never had any dealings of any kind with them and I believe they are simply trying to scam people. I have never had any reason to go to ANY type of sleazy payday loan type "business" for money.

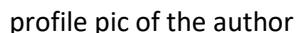
Rated with 1 star

Nicolette of North York, ON Verified Reviewer

Original review: Sept. 26, 2020

I went into Money Mart for a payday loan at Dufferin and Finch on Sept. 25, 2020. When I entered there was no one at the desk to assist customers. I sat and waited 5 minutes. A gentlemen there before me knocked on the window for assistance, no one came. Then he told me to knock on the door because he seen an employee go inside. I knocked on the door and still no one came. A 3rd customer came in and then an employee came to the desk. All of this is evident from the cameras inside! No one was present to assist the customers! She then offered me a \$400 payday loan, after I showed her my bank statement of \$2800 bi-weekly. She stated I'm only able to get \$400 because it was my first time and they only give 30-50% of my pay. However, \$400 is not the minimum 30% of my pay. I then declined and went to another location, in which I was offered \$900 with excellent customer service..

Rated with 1 star

 profile pic of the author

Reema of Scarborough, ON Verified Reviewer

Original review: Sept. 7, 2019

I hate this site, they don't care about their customers at all & seem to have bad service & staff. I applied for a loan, got approved & sent the documents but had to wait 2 days to hear back from them. I called the contact number & the lady was so rude to me so I hung up on her. They don't reply to your emails or anything & have a \*\* excuse for having "a lot of applications". Eventually I withdrew my application. They're terrible. I wouldn't recommend relying on them for a loan, there are way better sites out there. Be careful.

## Money Mart Reviews

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Rated with 1 star

Kevin of Grande Prairie, AB Verified Reviewer

Original review: Aug. 13, 2019

I give this online Money Mart zero stars. My husband got a loan from these guys in May. They took money from my account which they had no authorization for and then the next day took money from my husband's account. Then the day after that they sent him an email saying he owes zero dollars. Then month later collections were phoning us saying he still owes almost \$200. We have been dealing with this for a month phoning around trying to get to the bottom of this, with no luck. I do advise not to deal with Money Mart at all. There is fraudulent workers and it will wreck your credit... STAY AWAY from Money Mart.

Rated with 1 star

[profile pic of the author](#)

Chan of Calgary, AB Verified Reviewer

Original review: Aug. 6, 2019

Went online after being referred by the company as an easy and simple way to re-apply for a loan. They said it was 2 hours and money would be deposited. It's now been 4 days and now sitting on hold as to what's going on. Keep in mind this is the 5th time calling in and now they have informed me that they require biweekly pay information which is fair yet every biweekly pay is different due to my commissions, hours work, etc. And they won't approve me based on stating a monthly income over a biweekly pay on my application?? Best to go in person and avoid online at all cost. They have also dinged my credit twice now online 'cause they wanted me to reapply with different pay structure. I have not had to take a loan out in over 4 years and will be steering clear away from this false online promise in the future. Avoid at all cost unless you're ready to have your credit drop some points and be promised something that can't be done.

Rated with 1 star

Nicholas of Toronto, ON Verified Reviewer

Original review: March 20, 2019

I had a 2000 dollar 1 year structured loan with "Equal payments" that turned out to be nothing but. Unfortunately here in Canada we aren't able to fight back as in the USA as the archaic courts are so 1800 old WASP that they shutter and cringe to even accept that this goes on in \*\* Ontario. Cats and dogs here have more rights than Canadian citizens. If it was anything like the volume in proceeds of crime committed as in the example by Scott Tucker and his massive payday scam, Money Mart in comparison are the Oligarchs of the Penny Lending scam.

Rated with 1 star

[profile pic of the author](#)

Andrew of Other Verified Reviewer

Original review: Feb. 1, 2019

My loan was due yesterday, my pension was not deposited into my account. I went there first thing yesterday morning to explain; they said it will go to my bank. I then stopped payment at my bank, under 2 different names they go by. Then, my pension mysteriously showed up late last night. My worker called it an electronic glitch. Well, I went to Money Mart first thing this morning to pay, and they wanted to charge me an additional \$40 for being late. As a senior, I can't afford this kind of profiteering by a company whose policies are uncaring, unsympathetic, and downright rude! I am going to pay them back \$50.00 per month for 10 months without interest; otherwise, I am suing them for unfair and exploitive business practices. I am sure others have been similarly abused!



Rated with 1 star

Princes of Other, OTHER Verified Reviewer

Original review: Jan. 14, 2019

I took out an online payday loan and I made my payment and they said I didn't. It took them 2 weeks to fix the error. I had to send them copies of my bank statement multiple times because they "lost" it. Come to find out that the problem was that they were having technical difficulties. But during the whole two weeks no one would reply to my email or live chats and the phone agent was rude.

Rated with 1 star

Cory of Concrete, WA Verified Reviewer

Original review: Dec. 5, 2018

I believe my identity has been stolen by this company. I provided all my information as asked by Melvon \*\*. After giving all my information, I realized that this was a scam. I didn't authorize him to do anything with my account. He took it upon himself to use my information deposit money into my account overdrafted and proceeded to put a hold on my account until the 13th in order to steal the money back. This company commits fraud and steals from their patrons. Beware. Do not use this company for any personal loan payday loan or reasons at all. They are a scam and they do commit fraud and steal identities. Beware.

Rated with 1 star

Darin of Canada, Other Verified Reviewer

Original review: Dec. 2, 2018

I got a pay day loan from Money Mart and the December 7th is the last payment to come out, today is the December 1. I had one payment NSF because I haven't been paid. Employer went out of business. He owes me \$3600 and it's through their trustee that I am waiting to be paid. After the NSF I scheduled the replacement payment for the last week, but pay pas has still not been released so that NSF'd and each time the bank charges me a \$45 fee plus Money Mart charges one.

Rated with 1 star

Jeanette of Terrace, BC Verified Reviewer

Original review: June 25, 2018

I agreed to go into a financial arrangement with Money Mart in July 2017. I used to use payday loans years prior when I lived in the city. Everything went smooth except the counter agent did not use the void cheque attached to my loan documents, she used an old inactive account that was in my old records from when I lived in the city. As a result, my first payment was rejected. I noticed immediately and called them and went in to fix the problem. Then a collection agent phoned me threatening me to go pay. Though I explained to him what happened he still barked orders at me then hung up on me. Apparently, you can not make loan payments in person, you HAVE to let the payment return then pay when in arrears along with an additional fee for having gone in arrears.

Rated with 1 star

Jasmine of Sumerco, WV Verified Reviewer

Original review: Dec. 31, 2017

I tried to get a money order, but the cashier said that she needed my employment information. I informed her that I did not want to give her that. She then told me that she would not let me get a money order unless I gave her that information. I then told her that I am unemployed, she asked for work history and I told her I have never worked. She then said she needed to take a photo of me? Damn ridiculous, I can see needing to

## Money Mart Reviews

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verify employment if I was getting a payday loan, but I was getting money orders, and I was gonna pay \$1,500 in cash for it. But too bad, I wound up going to 7-11 to get my money orders, they didn't ask me no questions and I'm sure they were more than happy to get \$1,500 from one customer. This was the Money Mart located at the Pearl Kai shopping area in Aiea, HI, and this happened on 12/30/2018 around 2 pm.

<https://www.bbb.org/ca/bc/victoria/profile/financial-services/money-mart-0047-9570/complaints>

Complaint Type: Billing/Collection Issues

Status: Answered

07/06/2019

Money Mart approved me for a payday loan, didn't give me the funds, and then charged me for a service they didnt provide me. The day before my payment was supposedly due I recieved an email saying they were closing the loan, without my consent, because the account number I gave them was incorrect. If that were true they wouldn't have been able to pull money out of my account. The same day I received the email saying I would not be receiving the funds, I also got an email telling my the next day my first payment will be do. When I called in the day I received the email I asked for confirmation to be sent to me that I wouldn't be charged, the employee basically told me I was making a ridiculous request. "How can we charge you if the account number is incorrect." I was charged anyways. Now they are saying they cannot help me, even though on their end they can see an amount was taken out of my account.

Response

26/06/2019

This customer's issue was resolved on June 7th. She took out a loan on 5/26/2019, however, a system issue led to her never received the funding. The same system error led to the loan remaining active in our systems, and payment was taken. We found the error, closed the loan, and arranged with the store to provide her a refund. hat was Friday afternoon and it's now Tuesday afternoon and I still cannot access my money. Money Mart has been making me go back and forth for a long time, and refuse to be of any help or let me have access to my money so I can pay my bills.

<https://www.bbb.org/ca/bc/victoria/profile/financial-services/money-mart-0047-9570/details#additional-info>

Canadian Company

foreign profit corporation

Money Mart Financial Services, formerly Dollar Financial Group, is a financial services company with over 700 locations in **Canada** and the U.S. The company offers a range of financial services, including installment loan, cash advance/payday loan, check cashing, prepaid card, and money transfer services.