



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

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. 943, H.D. 1, RELATING TO NONDEPOSITORY TRUSTS**

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 supports this administration bill.

The purpose of this bill is to establish provisions concerning nondepository trust companies.

A growing "gap" group of consumers in Hawaii may need assistance with managing their assets but do not qualify for asset management services by banks or large investment firms. This "gap" group consists of consumers whose home may be their primary source of wealth and who do not meet the customer criteria of wealth managers or large banks.¹

¹ Examples include kupuna, individuals who have a mental or physical impairment, individuals who do not have a qualified or trusted family member or friend to help manage their finances, and individuals who are ward of the State.

This bill will allow qualified nondepository trust companies to serve as fiduciaries in the administration and management of assets for this “gap” group. Nondepository trust companies operate similarly to a bank trust department but do not take deposits or make loans. The DFI chartered its first nondepository trust company in 2019 using existing bank trust laws and by customizing the charter to be more appropriate for trust activities. The DFI’s first year of experience helped the DFI determine an appropriate fee structure based on the fiduciary activity and risk profile of nondepository trust companies.

The Department requests adding a section to this bill that will authorize the DFI to expend \$4,000 of the funds as may be necessary to administer this new program.

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill.