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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Ways and Means  
Thursday, April 1, 2021  
9:30 a.m.  
Via Videoconference**

**On the following measure:  
H.B. 943, H.D. 1, S.D. 1, RELATING TO NONDEPOSITORY TRUSTS**

**WRITTEN TESTIMONY ONLY**

Chair Dela Cruz 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.<sup>1</sup>

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.

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

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<sup>1</sup> 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 wards of the State.

**HB-943-SD-1**

Submitted on: 3/29/2021 11:12:39 AM

Testimony for WAM on 4/1/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John D. Smith	Individual	Support	No

Comments:

I support.