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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce and Consumer Protection
Tuesday, February 9, 2021
9:30 a.m.
Via Videoconference**

**On the following measure:
S.B. 973, RELATING TO HAWAII MONEY TRANSMITTER ACT**

Chair Baker 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 bill.

The purposes of this bill are to: (1) amend the Money Transmitters Act and change the short title to Monetary Transmitters Modernization Act; (2) incorporate definitions of key terms provided in the draft model money services business law published by the Conference of State Bank Supervisors; (3) add supporting documentation to be submitted by a license applicant; (4) extend the period of a license applicant's litigation and criminal conviction history review from five to ten years prior to the date of the application; (5) require a license applicant to submit information concerning any bankruptcy or receivership proceedings; and (6) clarify the authority of the Commissioner of Financial Institutions relating to examinations and investigations of licensees and to participate in nationwide protocols for licensing cooperation.

The Department supports this bill because it will help the DFI license, regulate, and supervise nationally and globally operating money transmission companies without impacting money transmission businesses that operate regionally or in a single state.

Currently, the money transmitters law, codified in Hawaii Revised Statutes chapter 489D, does not provide sufficient flexibility for Hawaii to share supervisory information with other states to swiftly protect consumers who use money transmission companies. The fast-paced nature of money transmissions and innovation of financial technology necessitates a quicker response.

This bill will allow Hawaii to work alongside a network of states to license, supervise, and examine transglobal money transmission companies as a multi-state system. The measure will enable timely, coordinated, and efficient regulation of money transmission companies to achieve financial stability and economic growth, while providing consumer protection. It will allow the State to share resources, data, and technology tools with other states to create a stronger multi-state system of financial regulation.

Thank you for the opportunity to testify on this bill.