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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Commerce and Consumer Protection
Wednesday, March 20, 2024
9:30 a.m.
Conference Room 229, and Via Videoconference

On the following measure:
H.B. 2388, H.D.1, RELATING TO RELATING TO MONEY TRANSMITTERS
MODERNIZATION ACT.

Chair Keohokalole 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 purposes of this bill are to: (1) continue the alignment of Hawaii's money transmitters law with the provisions of the Model Money Transmitters Modernization Act, thereby enabling Hawaii to work within a network of states to license, supervise, and examine transglobal money transmission companies as a multistate system; (2) using nationwide standards, provide clarity and consistency of the tangible net worth provision; (3) ensure that licensees have sufficient financial resources to conduct their business in a safe and sound manner; (4) ensure efficiency throughout the licensing process; and (4) protect the interests of money transmission companies, their customers, and the public.

The new definition and calculation of tangible net worth financial condition will comport with nationwide standards. The amendments clarify that the definition of permissible investments includes receivables, provides clarification that tangible net worth is based on "total assets", and provides assurance to licensees that the calculations will be consistent nationwide and that business activities are conducted in a safe and sound manner. These amendments would clarify the financial requirements for money transmitter companies and ultimately increase the protection of consumers.

The amendments also streamline the application process by amending the refundable \$5,000 requirement for the initial license fee upon denial of a license and instead allow the Division to collect the initial year licensee fee when the application is approved as working with applicants through the application process sometimes takes many months.

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