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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection and Commerce
Tuesday, February 4, 2025
2:00 p.m.
Via Videoconference**

**On the following measure:
H.B. 1049, RELATING TO MONEY TRANSMITTERS MODERNIZATION ACT**

Chair Matayoshi and Members of the Committee:

My name is Dwight Young, and I am the Commissioner of the Department of Commerce and Consumer Affairs' (Department) Division of Financial Institutions. The Department supports this administration bill.

The purpose of this bill is to align the State's Money Transmitters Modernization Act with the Model Money Transmitters Modernization Act, thereby enabling Hawaii to work within a network of other states to license, supervise, and examine transglobal money transmission companies as a multistate system; adopt nationwide standards that provide clarity and consistency in calculating the tangible net worth of licensees; ensure that licensees have sufficient financial resources to conduct their business in a safe and sound manner; and promote efficiency throughout the licensing process.

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 requirement for the initial license fee of \$5,000, refundable upon denial of a license, and instead allow the Division to collect the initial year's license fee only after the application is approved.

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