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TO THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

THE TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION OF 2010

Wednesday, February 17, 2010
2:00 p.m.

TESTIMONY ON H.B. NO. 2289, H.D. 1 RELATING TO GIFT CERTIFICATES

THE HONORABLE ROBERT N. HERKES, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Nick Griffin, Commissioner of Financial Institutions ("Commissioner"), testifying on behalf of the Division of Financial Institutions ("DFI"). We appreciate the opportunity to testify on House Bill No. 2289, H.D. 1. The DFI wishes to offer comments on this bill which has, among its stated purposes, to make parts of Hawaii's gift card law consistent with the new federal law adopted as part of the Credit Card Act of 2009. The DFI has been particularly concerned with that provision of the current statute – namely, Subsection 481B-13(e), Hawaii Revised Statutes - which relates to the definition of Gift

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Certificate, and which DFI finds limiting and possibly consumer unfriendly in its present form.

DFI has long advocated the provision of banking services to the unbanked and underbanked members of Hawaii's population. The Division was pleased to testify in strong support of the 2009 Session's House Concurrent Resolution No. 16, H.D. 1 which encouraged local financial institutions to redouble their efforts to recognize and pursue the unbanked and underbanked markets. DFI, along with the Federal Reserve Bank of San Francisco (FRBSF), subsequently organized and sponsored the initial Hawaii Unbanked/Underbanked Working Group which explored various approaches to start implementing the goals of H.C.R. 16, H.D. 1. Facilitating the use of Debit Cards or Stored Value Cards was one of the suggested initiatives introduced at the Working Group session.

Hawaii's banks will only be able to move forward with consideration of the introduction of these Unbanked and Underbanked Debit Cards or Stored Value Cards if the more restrictive language of current Subsection 481B-13(e), Hawaii Revised Statutes is broadened in the manner that this measure proposes to allow for the effective use of these products. The DFI feels that expansion of that language would be a positive step in meeting some of the key goals initially raised with DFI and FRBSF at the initial Hawaii Unbanked/Underbanked Working Group meeting and would be an effective approach to providing basic, reasonably priced financial services to a significant component of Hawaii's population.

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DFI takes no position on the other provisions of House Bill No. 2289, H.D. 1.

Thank you for the opportunity to testify. I would be pleased to respond to any questions you may have.

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