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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Economic Development
Friday, February 3, 2023
10:00 a.m.
Conference Room 423**

**On the following measure:
H.B. 1027, RELATING TO MONEY TRANSMITTERS MODERNIZATION ACT**

Chair Holt and Members of the Committee:

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

The purpose of this bill is to 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 multi-state system; enable timely, coordinated, and efficient regulation of money transmission companies to achieve financial stability and economic growth, while providing consumer protection; and allow the State to share resources, data, and technology tools with other states to create a stronger multistate system of financial regulation.

Currently, the financial components of the money transmitters modernization act, chapter 489D, HRS, provides insufficient consumer protection. The outdated financial

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condition requirements do not provide adequate protection for consumers considering the evolution of money transmission companies conducting activities worldwide.

The amendments incorporate the agreed upon language discussed with the industry and the Conference of State Bank Supervisors for adequate financial condition of money transmitters. With these amendments, Hawaii will have incorporated the Model Money Transmission Modernization Act to provide appropriate consumer protection requirements and will allow the industry to continue to grow and evolve.

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