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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committees on Ways and Means and the Judiciary
Wednesday, March 4, 2026
10:35 a.m.
Via Videoconference**

**On the following measure:
S.B. 2757, S.D. 1, RELATING TO RELATING TO DIGITAL ASSET CHARTERS.**

Chairs Dela Cruz, Rhoads and Members of the Committee:

My name is Dwight Young, and I am the Commissioner of the Department of Commerce and Consumer Affairs' Division of Financial Institutions. The Department offers comments on this bill.

The purpose of this bill is to establish within the Department of Commerce and Consumer Affairs Division of Financial Institutions, beginning 1/1/2027, a digital asset charter program for licensing, regulating, and overseeing digital asset companies and digital asset business activities. Authorizes companies that participated in the Hawai'i Digital Currency Innovation Lab to temporarily continue digital asset business activities without a charter in certain circumstances. Appropriates moneys.

The Division would like the Committee to know that the cost to create, implement and maintain a digital asset regulatory regime will require funding in excess of the \$500,000 allocated from the general fund on Page 80, Line 8. Establishment of a licensing program will require two licensing examiners, engagement of a blockchain

analysis company and basic office equipment at an annual cost of \$500,000. Additionally, two Field examiners will be required to establish onsite and offsite monitoring and examination programs at an annual cost of \$300,000. The Division is unsure if there will be a sufficient number of licensees to support the cost of the program, so additional general funding should be considered to augment any budget deficiencies once the program is implemented.

The licensing program would need to be created prior to the effective date of the law and will require 18 – 24 months of lead time. Development of an examination program will need to begin no later than six months prior to the effective date of the law. Accordingly, the Division believes the effective date of this bill should be pushed back to no earlier than 1/1/2028.

In an effort to protect consumers, the Division recommends that on **Page 36, Line 6** be amended to include, “...that person, in addition to holding cash or cash equivalents equal to the value of the digital asset held in custody.” This additional requirement will ensure that a consumer can be made whole in the event of lost key or theft of the digital assets.

It should be noted that federal regulation was passed in 2025 which potentially could preempt any state-level regulation regarding stablecoins. There is also pending federal legislation surrounding non-stablecoin cryptocurrencies.

Thank you for the opportunity to testify on this bill.



Statement of
Ellen Ng
Founder, Inoa
Hawaii State Chapter President, Stand With Crypto
before the
**Senate Committees on Commerce and Consumer Protection,
and Labor and Technology**

Wednesday, March 4, 2026
10:35 AM
State Capitol, Conference Room 211 & Videoconference

In consideration of
SB2757
RELATING TO DIGITAL ASSET CHARTERS

As the founder of a Hawaii-based blockchain consulting and education company, [Inoa](#) and the Hawaii State Chapter President for the national crypto advocacy group, [Stand With Crypto](#), I strongly **SUPPORT** SB2757.

Implementing a digital asset regulatory framework will provide **regulatory clarity that protects residents and local organizations**, create **passive income generation opportunities**, enable **faster, affordable cross-border fund transfers** and **lower payment processing costs** as well as **incentivize responsible innovation**.

(i) Consumer protection - I was the program manager for the Digital Currency Innovation Lab (DCIL) under HTDC from inception (2020) to early 2023. While running the lab, I personally fielded calls from members of the public who had lost their hard-earned money to crypto scams and large crypto institutions. These residents span a gamut from the elderly to savvy investors new to crypto. In 2023, with the collapse of BlockFi, DFI was able to help recoup funds for Hawaii's residents – made easier because it was a participant in the DCIL. Today, even as a consultant, I still receive calls from residents reporting crypto losses. The 2024 annual report from the FBI's Internet Crime Complaint Center¹ stated more than 149,000 complaints were made and \$9.3 billion in losses incurred with a 66% increase in losses through cryptocurrency fraud. The lion's share of these numbers is driven by crypto investment schemes.

¹ https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf

A regulatory framework offers protection to organizations such as businesses as well. These include businesses accepting crypto as payment or nonprofits who prefer to leave crypto donations in exchanges. I have consulted for these entities who expressed concerns about protection for their crypto assets should third party vendors default. The sentiment across the board is similar - frustration due to the lack of protection because of the absence of a regulatory framework.

(ii) Passive income generation - The majority of Hawaii's banks offer interest rates of 0.5% and lower for savings accounts. Mainland, online banks and fintech companies offer 4-5% for high-yield savings accounts, often accompanied by minimum deposits, monthly actions or amount caps. Crypto exchange, Coinbase through its Coinbase One program² rewards users with 3.5% APY for holding USDC, a stablecoin pegged to the US dollar. Additionally, the user can opt to lend their USDC at a higher interest rate of 4.30%. These opportunities provide Hawaii's residents with passive income generation. However, consumers are also undertaking the risks associated without a regulatory framework in place to enable consumer protection.

(iii) Faster, affordable cross border fund transfers - As an immigrant living in Hawaii, I empathize with fellow immigrants who face high remittance costs and long wait times for fund transfers, especially in less developed countries. Before I came across crypto, I used Xoom, a remittance service by Paypal to send money back to Singapore. The fees were reasonable – approximately \$4.99 for \$2,000 and a fund transfer time of minutes³. However, this requires the recipient to do a cash pick-up at a money exchange partner or receive the funds through a Visa debit card. Minutes become hours with a trip down to a money exchange, followed by a deposit of cash into the bank.

Today, I remit USDC, the same stablecoin I hold in Coinbase – with zero transaction fees, within seconds, to my father. Upon receipt in his Coinbase account, a “fast transfer” to his bank converts the USDC into Singapore dollars – within minutes, in the comfort of his living room. Interesting fact: if a user sends PYUSD (a stablecoin issued by Paypal), there are zero transaction fees. This is the future of remittances.

(iv) Lower payment processing costs - My firm, Inoa, is also the organizer of the Pacific Blockchain Summit, an annual event spearheading digital asset innovation dialogue in the region. Attendees paying for tickets in USD through Eventbrite or Luma (Stripe) incurred an average of 8% in processing fees, while those who paid for their tickets through Coinsub, a crypto payment platform incurred an average of 1.6% in processing fees. As an entrepreneur building a sustainable event, being able to hold on

² Annual fee of \$49.99; approximately \$1,500 in USDC holdings will cover annual fee

³ Refer to fees table in References

to more revenue through lower payment processing costs is critical. Payments in crypto provide a solution to this problem.

(v) Incentivize responsible innovation - The federal GENIUS Act only applies to stablecoin issuers with more than \$10 billion in assets under management. That threshold effectively excludes startups and local projects. This leaves smaller Hawaii-based innovators with three impossible choices: grow to an unrealistic \$10B scale before operating legally, operate without clear rules and risk noncompliance, or incorporate in another digital asset friendly state such as Delaware or Wyoming. SB2757 closes this gap by providing guardrails that allows responsible stablecoin or other digital asset projects to launch compliantly from day one while maintaining strong consumer protections, and enabling innovation to flourish in the state.

For these reasons, I respectfully urge the Committee to pass SB2757.

Thank you for the opportunity to testify in strong support.

REFERENCES

Paypal Xoom Remittance Fees

Cash Pickup

Paying with	Fee in USD
PayPal USD (PYUSD)	0.00
PayPal balance	4.99
Bank Account	4.99
Debit Card	40.49
Credit Card*	40.49

Testimony in Support of SB2757

Relating to Digital Asset Licensing

Hearing: WAM/JDC – Wednesday, 10:00 a.m.

Chair and Members of the Committee:

I respectfully submit testimony in strong support of SB2757, establishing a state-level licensing framework for digital asset companies operating in Hawaii.

This measure is particularly important to the real estate industry. Real estate transactions are increasingly intersecting with digital assets, stablecoins, and blockchain-based payment systems—especially in a state like Hawaii with significant cross-border investment from Asia and the Pacific.

Without a clear state framework, Hawaii risks losing innovation, jobs, and tax revenue to states that have already enacted digital asset licensing regimes. When regulatory clarity is absent, businesses do not stop building—they relocate.

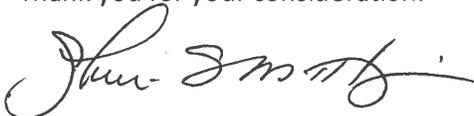
For real estate professionals and consumers, SB2757 matters for three reasons:

- 1. Consumer Protection:** Real estate transactions involve large financial transfers and fiduciary responsibilities. A licensing regime establishes standards for custody, compliance, and financial oversight, reducing fraud risk and increasing confidence when digital assets are used in connection with property transactions.
- 2. Cross-Border Efficiency:** Hawaii residents and investors often move funds internationally. Stablecoin payment rails can reduce costs and settlement times significantly. A regulated environment ensures these tools operate within defined guardrails.
- 3. Innovation in Property Technology:** Tokenization of real-world assets and blockchain-based transaction systems are emerging nationwide. A state framework allows Hawaii to responsibly participate in this evolution rather than remain in regulatory uncertainty.

SB2757 strikes the right balance—providing oversight and consumer safeguards while preserving space for local innovation and economic growth.

For these reasons, I respectfully urge the Committee to pass SB2757.

Thank you for your consideration.



Shari S. Motooka-Higa, CSA, SRES, CCA, CAPS
Vice President
Locations