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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce and Consumer Protection
Friday, February 12, 2021
9:30 a.m.
Via Videoconference**

**On the following measure:
S.B. 1097, RELATING TO NONDEPOSITORY TRUSTS**

Chair Baker 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 purpose of this bill is to establish provisions concerning nondepository trust companies.

A growing "gap" group of consumers in Hawaii may need assistance with managing their assets but do not qualify for asset management services by banks or large investment firms. This "gap" group consists of consumers whose home may be their primary source of wealth and who do not meet the customer criteria of wealth managers or large banks.¹

¹ Examples include kupuna, individuals who have a mental or physical impairment, individuals who do not have a qualified or trusted family member or friend to help manage their finances, and individuals who are ward of the State.

This bill will allow qualified nondepository trust companies to serve as fiduciaries in the administration and management of assets for this "gap" group. The DFI would license, supervise, and examine these nondepository trust companies for safety, soundness, and regulatory compliance, as it does with other chartered institutions. The DFI chartered its first nondepository trust company in 2019 using existing bank trust laws and by customizing the charter to be more appropriate for trust activities.

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