



**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
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**Hawai'i Digital Currency Innovation Lab To Conclude**  
*Public Reminded to be Aware of Risks While Investing in Digital Currency*

**HONOLULU** — The Hawai'i Department of Commerce and Consumer Affairs Division of Financial Institutions (DFI) and the Hawai'i Technology Development Corporation (HTDC) jointly announce that the Digital Currency Innovation Lab (DCIL) is scheduled to conclude on June 30, 2024. This collaborative research project, initiated in 2020, was created to explore the landscape of digital currency activity within the state, while assessing the regulatory framework required for companies specializing in digital currency (also known as cryptocurrency).

Before the creation of the DCIL, digital currency companies operating in Hawai'i were required to obtain a money transmitter license. The research project studied whether the money transmitter license was appropriate for the transaction activity, whether the industry should be regulated, and if regulated, what the regulation would include to protect consumers. The project initially spanned a two-year term during which qualified digital currency companies were invited to participate while providing information regarding their operations to the DFI and HTDC. A two-year extension was announced in 2022.

The research project revealed that the activities conducted by digital currency companies did not align with the concept of money transmission as outlined in Chapter 489D of the Hawai'i Revised Statutes. Consequently, DFI worked with the industry, both participants and the larger industry companies, to propose a special digital currency licensing scheme during the initial term of the DCIL and during the subsequent two-year extension but were unable to provide one that provided sufficient protections for consumers.

With the DCIL coming to an end on June 30, 2024, the findings indicate that digital currency companies will no longer require a Hawai'i-issued money transmitter license to conduct business within the state. The companies will be able to continue transaction activity as an unregulated business. However, such companies will be responsible for complying with any applicable federal licensing or registration requirements, including those set forth by the

Financial Crimes Enforcement Network, Securities and Exchange Commission, and the Financial Industry Regulatory Authority, as well as any pertinent federal regulatory requirements involving consumer protection, anti-money laundering measures, etc.

"The Digital Currency Innovation Lab has provided invaluable insights into the rapidly evolving landscape of digital currency," said Iris Ikeda, Banking Commissioner at DFI. "This project has been instrumental in shaping our understanding of the industry's needs and in safeguarding the interests of consumers and the broader financial system. The conclusion of the DCIL marks a milestone reflecting a commitment to balancing innovation and regulatory responsibility."

Digital currency companies operating in Hawai'i should continue to adhere to federal regulations relevant to their activities.

Consumers are encouraged to remain vigilant and proactive when dealing with digital currency companies and unregulated markets. Guidance and additional information from the Federal Trade Commission on 'What to Know About Cryptocurrency and Scams' is available at <https://consumer.ftc.gov/articles/what-know-about-cryptocurrency-and-scams>.

More information on the Digital Currency Innovation Lab is available at <https://www.htdc.org/digital-currency-innovation-lab/>.

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