

Medical Cannabis – Hawaii's Cashless Banking Solution

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Agenda

- ▶ Background
- ▶ Banking Activity and Risks
- ▶ Hawaii's Banking Solution

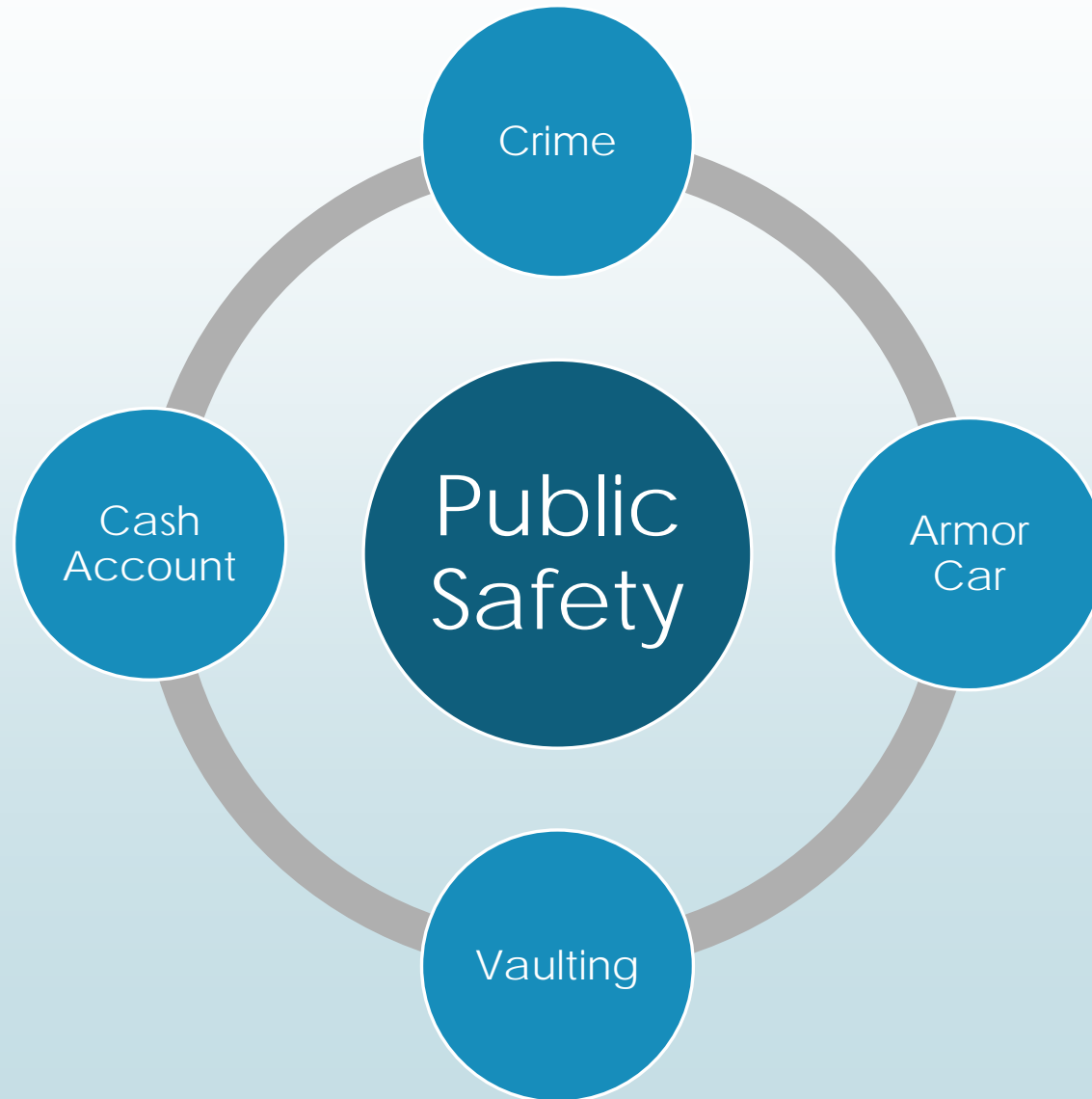
Background

- ▶ Started about 2 years ago after Act 241, 2015 signed into law
- ▶ Provided educational opportunities
 - ▶ banks and other financial institutions,
 - ▶ lawyers,
 - ▶ bank officers, and
 - ▶ bank directors
- ▶ Met with banks and other financial institutions individually
- ▶ Talked with money transmitters
- ▶ Talked with armored car service providers

Banking Activity & Risks

- ▶ Banking is highly regulated by federal government and state government
- ▶ Bank Secrecy Act
 - ▶ First enacted in 1970
 - ▶ Evolved through drug cartels
 - ▶ Tax evasion
 - ▶ Terrorist financing
 - ▶ USA PATRIOT Act
- ▶ Bank Board of Directors need to agree to the risks taken by bank management

Problems with Cash



Hawaii's Cashless Banking Solution

1

Address the public safety aspect

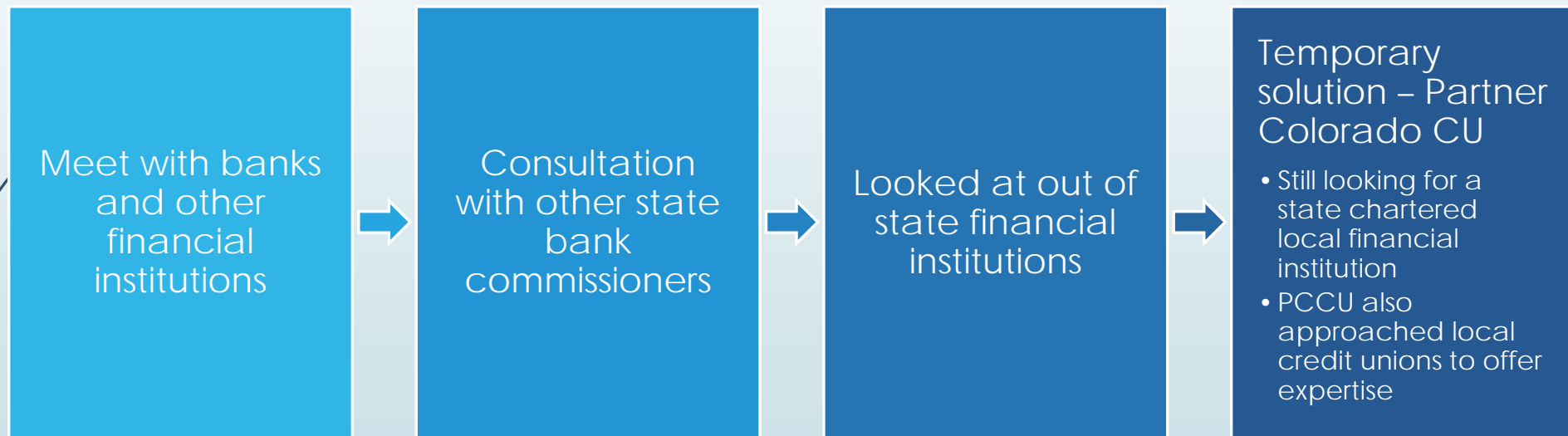
2

Take the cash out of the equation of product purchase

3

Allow for limited banking activity for dispensaries

Hawaii's Cashless Banking Solution – Background to a solution



Hawaii's Banking Solution – How it works

1

Smartphone or
in-store tablet

2

Checking account*

*Pre-paid card option
being developed

3

A QR code or PIN

- ACH transaction
- Expires after 30 minutes
- One time use
- No bank acct info

Other alternatives

- ▶ Other financial institutions can open accounts
- ▶ Other FinTech companies can provide services
- ▶ As technology evolves, other solutions may be available
 - ▶ Prepaid stored value cards
 - ▶ Debit card use

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