



Ways To Manage The Coin Shortage

payments business customers pandemic

Summary: Coins are in short supply due to the pandemic. Here are a few strategies for community financial institutions and their businesses to manage through this shortage.

Does anyone remember the days when a phone call at a phone booth cost only a dime? Well, today -- if you can find a phone booth -- that call would cost 50-75 cents. Not only has the cost gone up, but coins are hard to find too.

It's not that all the coins have vanished. The US has around \$48B worth of coins in circulation. In a normal year, the US Mint might make as many as 12B new coins.

But then, things changed due to COVID-19. Between January and May 2020, the Mint made about \$4B in new coins, 20% less than the same period a year ago. This decrease was fueled by efforts to keep the Mint's employees healthy, including dialed-back staffing levels and hours. Minting coins isn't a job that's easily done from home. Fewer new coins replacing old ones meant fewer total coins in circulation.

Then, consumer behavior around the pandemic made sure that coins were changing hands much less often. Consumers were worried that the coronavirus might be present on coins and paper bills, in quantities big enough to infect people.

Furthermore, shoppers were going online more as stores were closed or had limited capacity. Cashless payments ramped up along with delivery and curbside pickups. That means a large number of coins are sitting in change jars, car cup holders, and shuttered businesses across the country.

This situation hurts small businesses that depend on cash transactions, especially laundromats, public transportation, and vending machine businesses. It also caused hardship for the least-prosperous consumers, who often lack the ability to pay with anything other than cash. This in turn makes things harder for community financial institutions (CFIs), as they support these businesses and consumers.

The Federal Reserve has formed a US Coin Task Force, which is working to find ways to cope with the shortage. In the meantime, **businesses are looking to adjust their prices** so that they don't typically have to give change. Setting a price that is an even \$1 with tax is an example. **Rounding purchase prices** up or down to avoid the need to give coins in change is another option, with excess change placed on gift cards or donated to a food shelf.

CFIs can also encourage customers to bring in their coins. Some ways to do that include:

1. **Offer free use of a coin-counting** machine to customers and non-customers alike.
2. **Give customers who bring in coins a bonus:** \$1 extra for every \$50 in coins, for instance. This is what one community bank in WI did successfully, as it hit its coin collection goal in a week.
3. Spread the word that you'll **shred confidential documents for anyone who also brings in coins.**

The coin shortage has been tough for many CFIs and their customers. However, there are creative ways to manage it. We hope these suggestions have helped.

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