

# Businesses, banks need coins in circulation



## Consumer Watch

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If you've tried to use cash at some stores recently, you may have been denied and told to use credit or debit cards instead. Many retailers are putting up signs saying that, due to a nationwide coin shortage, they aren't able to take cash at all; others require that you provide exact change.

All this is due to disruption in the nation's coin supplies thanks to COVID-19, which happened at a time of lower-than-usual coin production.

It's a bit misleading to call this a coin shortage. There are certainly enough coins out there; they have not suddenly winked out of existence. But what's happened has been called a "circulation disruption", as Forbes put it in a recent article. Chances are, you have a jar of coins sitting on your dresser as do I and millions of Americans. Those billions of coins are not going into vending machines or being deposited at the bank as they normally would be; they're just sitting there.

Just like any other commodity, coins

are subject to supply-and-demand issues. The government produces new coins to feed a largely cash-driven society. Having enough pennies, nickels, dimes and quarters on hand depends on a steady stream of commerce. But with the coronavirus lockdowns that began in March, people were no longer spending those coins in person. Instead, many people were buying things online with credit or debit cards, opting for delivery of food and supplies and not using vending machines and laundromats.

In addition, early fears that coins could be a source of infection caused many people to stop handing them. All this happened at a time when the U.S. Mint had been producing fewer coins. Coinnews.net reported in April that the Mint (despite producing 3.2 billion coins from January through March), had been producing coins at the lowest rate in seven years.

"The COVID-19 pandemic has significantly disrupted the supply chain and normal circulation patterns for U.S. coin," the Federal Reserve said in a recent news release. "In the past few months, coin deposits from depository institutions to the Federal Reserve have declined significantly and the U.S. Mint's production of coin also decreased due to measures put

in place to protect its employees," added the Federal Reserve. "Federal Reserve coin orders from depository institutions have begun to increase as regions reopen, resulting in the Federal Reserve's coin inventory being reduced to below normal levels."

This is not the first time this has happened. Back in 1999, the Federal Reserve noted that more people had been hoarding pennies "instead of circulating them through commercial transactions," leading to a shortage of pennies for everyday use. I remember seeing signs in stores and banks asking for people to cash in their supplies of pennies. Coin shortages have happened frequently throughout history; this one has happened during a "perfect storm" of extraordinary social disruption.

So, the question for many of us is, "What do I do with those extra coins taking up space on my dresser?" There are numerous options. Many larger retail and grocery stores allow you to deposit coins to pay for your groceries, and banks are eager to take your coins (but be considerate and roll them instead of plopping down a grocery bag full of loose change on the counter.)

A few banks around the country are actually paying people to bring in spare

change to help small businesses, but it's more likely that you will be given one-for-one paper money or deposit credit. And check with the bank before you go, advises the Mississippi Bankers' Association; many banks have curtailed in-person activity in their lobbies due to coronavirus concerns.

Another option is to round up your purchases. For example, Kroger recently announced it will no longer give change in coins. Instead, the change will be added to your Kroger loyalty card and automatically used on the next purchase. You can also opt for your spare change to go to support a company initiative to reduce food waste and hunger.

You can get cash for your coins at a vending machine like Coinstar, but it will cost you 11.9%, unless you donate the change to one of several available charities.

"We encourage Mississippians to be patient and work with their local banks and businesses as they sort through this coin shortage," said Gordon Fellows, president and CEO of the Mississippi Bankers Association, in a press release. "This was an unforeseen consequence of the pandemic, and over time this will work itself out."

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