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NATIONAL DECLINE IN THE CIRCULATION OF COINS DUE TO COVID-19

RALEIGH, N.C. – The pandemic-related shutdowns that began in March 2020 have slowed down the national coin circulation. Coins circulate when payments are made in cash, and coins are returned in the form of change. The change is then used by consumers to make smaller purchases, including at vending machines, laundromats, parking meters, etc. When COVID-19 restrictions went into place, consumers naturally migrated to online shopping and utilizing debit or credit cards when shopping in-person to avoid physical contact.

With businesses across the country beginning to reopen, there has been an increased demand from merchants to stock their coins at higher levels, but the majority of coins have stayed in consumer pockets. This has affected businesses because coins represent more than 80% of the supply with the remaining amount being new coins produced by the Mint. The Federal Reserve projects the gap between supply and demand at between 2.3 to 3.5 billion coins each month, through the end of the year. At the beginning of 2020, more than four billion coins were deposited and recirculated each month. Those numbers have dropped to less than two billion since the beginning of April.

“The pandemic and the changes many Americans have made in the way we work and live have resulted in a significant decline in the circulation of coins. It’s not that we have a shortage of coins, it’s just sitting in our piggy banks or coin jars in our homes,” stated NCBA President and CEO Peter Gwaltney. “In an effort to protect our health and safety, Americans are making many more contactless purchases with debt and credit cards and are circulating cash and coins much less. This shift in consumer behavior has resulted in a shortfall of coins in circulation and is presenting challenges to businesses across the country. The banking industry is working closely with the Federal Reserve to manage the allocation of coins in the financial system.”

The Federal Reserve has convened a broad industry task force to develop a plan to increase coin circulation. The goal of the new task force is to kick-start the coin circulation process, as the Mint cannot increase production to solve this particular problem. The Federal Reserve is conducting a campaign to encourage employees to empty their coin jars and get them into circulation.

“The banking industry is not calling on people to take their coins to the bank to deposit or exchange for cash but doing so would certainly accelerate the flow of coins in the financial system,” stated Gwaltney. “Other options also include Coinstar and other change machines in grocery stores and elsewhere that convert coins into cash or gift cards.”

ABOUT THE NORTH CAROLINA BANKERS ASSOCIATION:

The North Carolina Bankers Association brings together all categories of banking institutions that best represent the interests of our rapidly changing state. Proudly serving North Carolina’s banking industry since 1897, the NCBA is the professional trade organization providing advocacy, leadership and support for its dynamic membership base. The Association has two subsidiaries, Centrant Community Capital and Community Bank Services (CBS). Centrant Community Capital provides permanent debt financing for workforce apartment communities and housing in a number of states. CBS offers insurance and employee benefit products, as well as other to the Association’s members and publishes a quarterly magazine, *Carolina Banker*. For more information, visit at www.ncbankers.org.

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