

If you've been following local news lately, you've likely seen stories about businesses in your area asking customers to pay in exact change—or even to bring in their own coins, to be exchanged for paper bills. This is because of a strange effect of the pandemic: a coin shortage.

For answers to exactly how this happened and how it will end, here's a brief explainer of this strange moment in the COVID-19 economy.

There are a few reasons, and they're all connected to the pandemic.

The U.S. Mint, which produces coins, had been working at a limited capacity because of employee safety measures.

Large numbers of coins currently in circulation have also been, essentially, locked up in homes. Many Americans have been staying in more. They've ordered more things online or opted, out of fear of contamination, to pay for food and other in-person purchases with credit cards.

Some businesses that would normally be a hub for such transactions—coffee shops, bakeries, and other places that sell goods for under \$10—have closed down or restricted payment methods.

There's also an exchange problem: Some people have been avoiding going to banks, where they might otherwise have converted their coins into cash. Others might not have wanted to linger in grocery stores to use coin kiosks. This roadblock in the flow of coins led to a “significant” reduction of the number of coins that banks sent to the Federal Reserve, which manages the distribution of coins around the country.

According to Senay Agca, a finance professor at the George Washington University, “coin shortage” is not really precise terminology. “There's enough coins, but it's not circulating at the speed it was circulating before,” she said. As a result, some people have described it more as a “disruption.” (For simplicity's sake, we'll keep referring to it as a coin shortage here.)

All of this added up to a real problem when businesses started to open and banks began ordering more coins, which the Fed didn't have stockpiled in high enough numbers. According to the Fed, there is a projected monthly gap of 2.3 billion to 3.5 billion coins for the rest of the year.

How will this end?

The Federal Reserve announced the formation of a U.S Coin Task Force on June 30 to deal with the issue. In recent weeks, the Mint has begun to return to something like normal operations, with safeguards in place to protect workers. The Mint is set to produce 1.65 billion coins every remaining month of 2020. (Usually, there are about 1 billion coins produced a month.) The Fed also started rationing coins, capping the amount banks can order from them, and said it was “encouraging” banks to only request the amount of coins they absolutely needed to meet immediate demand.

Banks and large retail chains have taken their own steps. To incentivize customers, some banks are offering additional cash when customers bring in their rolled coins. Some stores are giving change back through loyalty cards to be redeemed later, or are encouraging customers to leave their change, to be donated later to charity. Other businesses are simply rounding their payments to the nearest dollar.

No one appears to expect that this coin shortage will last beyond the pandemic in any significant way. As states move away from public health restrictions, they’ll circulate cash and coins through again. The measures banks and stores are taking will likely help speed things along, and Shankar projects that the shortage would end in six to 18 months, depending on how well the country handles the upcoming months of the pandemic.

What medium (media) do you use to find news? (website, newspaper, TV, radio)

What do you use that medium (media)?

What news source do you trust the most?

What news source do you trust the least?

What kind of news interests you?

What kind of news doesn't interest you?

Do you discuss the news and recent events with your friends? If you do, what are the usual topics of discussion?

What news story are you following now?

shortage, exact(ly), effect, affect, capacity, essentially, restrict, distribute, precise, add up to, safeguard, incentive

Where do you keep your change? How much does it add up to?

What effect has the pandemic had on you, your family, and your friends?

In your opinion, does it make sense for the mint to produce 10 won and 50 won coins?

What safety measures have you used to ensure your health during the pandemic?

Have you avoided going to certain businesses or places for fear of catching Covid 19?

When have you experienced a shortage?

Which one is worse: a shortage of time or a shortage of money?

2020 has been an unusual year so, in your opinion, when will things return to normal?