

The Coin Shortage in America

Coins are not only crucial trading instruments in the American economy, but any economy. They enable people to make small cash purchases and receive change for larger ones. Despite their importance, America is currently facing a shortage of coins.

This means it's not business as usual for the millions of Americans who typically pay for their goods and services in cash. Many citizens could have already experienced various adverse impacts caused by this shortage, although underbanked and low-income earners have undoubtedly borne the biggest brunt so far.

What Is the Source of the Shortage?

The coronavirus pandemic has discouraged and, in some instances, outright forced Americans to stay indoors. With less traffic and commuting, retail spending across an array of different industries has dropped significantly. For example, people stopped going out to restaurants and instead started ordering in - typically using cashless alternatives such as NFC payments or even debit cards. People are also buying less as a whole, and those that are buying are increasingly avoiding using cash to make purchases. To make matters worse, the pandemic has even slowed production at the U.S. mint, further compounding it.

As a result, the volume of coins being actively exchanged in the American economy has significantly declined. It's not that the country has run out of coins; the problem only lies in poor circulation. It is a temporary problem and is expected to resolve gradually as the economy recovers. However, there is a need to institute measures to mitigate the negative economic impact and help improve the interim circulation of coins.

How the Coin Shortage is Affecting the Unbanked and Low-Income Earners

Underbanked and low-income earners have been worst affected by the coin shortage thus far. Coins are integral in the trade of essential products and other typically low-cost goods. In their absence, retailers are finding it increasingly difficult to make change for smaller purchases. In response, some traders have decided to offer gift cards in exchange for coins, while others are even offering to outright purchase coins to keep the economic flow going.

However, the adoption of card-only and other cashless payments are quickly becoming the new standard. But what happens to the millions of consumers who still do not have bank accounts? Considering that [6.5% of American households are underbanked](#), retailers' refusal of cash payments puts some 8 million Americans in a difficult economic situation. The unbanked population, which consists of both low-income earners and those who cannot access banking services due to criminal histories, lack of documentation, and a myriad other hindrances, cannot purchase anything from these card-only merchants. This population certainly cannot afford to be ignored, now more than ever.

How Clip Coin Technology can Help

The ultimate solution to alleviating the current coin shortage is by actively stimulating circulation. As we have seen, some retailers have resorted to offering gift cards instead of change, while others try to acquire coins by buying them outright from customers. Without a doubt, these efforts can be further enhanced using technology.

Technology can be used to bring together those who have coins and those who need them. Like other e-commerce platforms, Clip Coin is a solution that facilitates the buying and selling of coins securely and conveniently. If you have coins at home, you can download the app to exchange them for bills quickly. Similarly, if your business needs coins, you can purchase them directly from the app immediately!