

September 9, 2022

Roger Replogle
Executive Vice President and
Chief of Fed Cash Services
Federal Reserve Cash Product Office
101 Market Street
San Francisco, CA 94105

Dear Mr. Replogle,

We are writing today to raise our concerns about the Federal Reserve Cash Product Office (CPO) policy on coin allocation. The coin circulation issue continues to be a real and persistent challenge for our member companies in every size category. We understand that the CPO created the allocation policy in an attempt to distribute coin fairly amongst banks and credit unions, but its static nature and reliance on historical orders does not reflect how demand has changed for individual banks since the levels were set in 2021.

The coin allocation policy is not flexible and that is a challenge for banks, credit unions, and their commercial customers and the communities and customers they serve. Consider a bank or credit union that in the past year has signed on a new retailer with 1,000 stores. The coin allocation policy does not allow for a corresponding increase in demand from that financial institution on behalf of its customer. This does not serve the institution or the customer that is not receiving the coin it needs to run their business, nor cash dependent consumers. All customers are affected as the bank or credit union is forced to distribute a limited amount of coin across more customers. This situation can lead to financial institutions not landing new customers, or customers not seeking out new banking relationships because they would lose their current access to coins. Put simply, the current coin allocation policy is a hindrance to a free market system and competition in the marketplace. Moreover, by not allocating coin in a way that reflects current customer demand, the policy is hindering the vital recirculation of coins that is essential to systemically addressing these challenges, because coins are not efficiently directed to those cash-reliant businesses that are most likely to foster recirculation.

We ask that the CPO's Coin Allocation Review Board take into consideration substantive changes in demand for coin by financial institutions based on changes to their current customer demand and adjust coin allocation levels accordingly. This is a much more efficient process than relying on demand levels that are more than a year old. We understand that in the current coin climate that this means that

allocations may be reduced for financial institutions with a lesser demand. As we work our way towards a long-term solution on coin circulation we hope that you can act quickly on this request.

We look forward to working with you to find a solution to the problem and would be happy to arrange a meeting to discuss this request in more depth.

Sincerely,

The American Bankers Association
The American Gaming Association
The Credit Union National Association
The Independent Community Bankers of America
The Mid-Size Bank Coalition of America
The National Association of Federally-Insured Credit Unions

cc: Mark Gould
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