THE CHALLENGE COIN
Members of the U.S. military have a long-standing tradition of carrying a special coin symbolizing unit identity and esprit de corps. Wherever warriors gather, they challenge each other by “coining.” The group’s unique coin is slammed on a bar to challenge all in the group to display their own coins; she who is last must pay a penalty.

Most important, a challenge coin is carried at all times. Rules commonly followed specify that the coin must be carried at all times.

HISTORY
The tradition of challenge coins can be traced to World War II when American forces deployed to the far reaches of the globe securing the nation’s freedom. Soldiers back to World War I and the Civil War left for battle with a coin from home in their pocket and kept it after the conflict as a lasting remembrance of their wartime experiences.

American soldiers stationed in Germany after the war adopted that country’s popular “pfennig check.” The pfennig was the smallest unit of German currency. When someone announced a pfennig check, a soldier who could not produce one had to buy a round of drinks for his buddies.

The popularity of challenge coins spread during the Vietnam War, inspired by Special Forces that minted coins to express the unique identity and strong bond forged between them. Other units wanted their own coin to build camaraderie and symbolize their pride of membership in an elite group.

Commanders use them as on-the-spot awards for outstanding service or performance of duty. As such, they are used as a tool to build morale. Senior military leaders often dole out their coins as gifts to foreign dignitaries or civilian VIPs.

PRESENTATION
Presenting a coin is very personal and the more senior the presenter the more “value” the award is perceived to be. Coins given as awards for accomplishments are normally given to the recipient during a handshake, passing from the right hand of the giver to the right hand of the awardee. It is also normal for the giver to offer a brief explanation of the reason for awarding the coin.

Sources
https://en.wikipedia.org/wiki/Challenge_coin
http://www.goatlocker.org/resources/cpo/history/cpocoin.htm