# Bank of America Institute

January 2026

BANK OF AMERICA


# About Bank of America Institute

We analyze the bank's proprietary data to develop a deep understanding in near real time of consumer behavior and the economy. Our findings are followed by government and corporate leaders, small business owners and investors.

## Our unique perspective

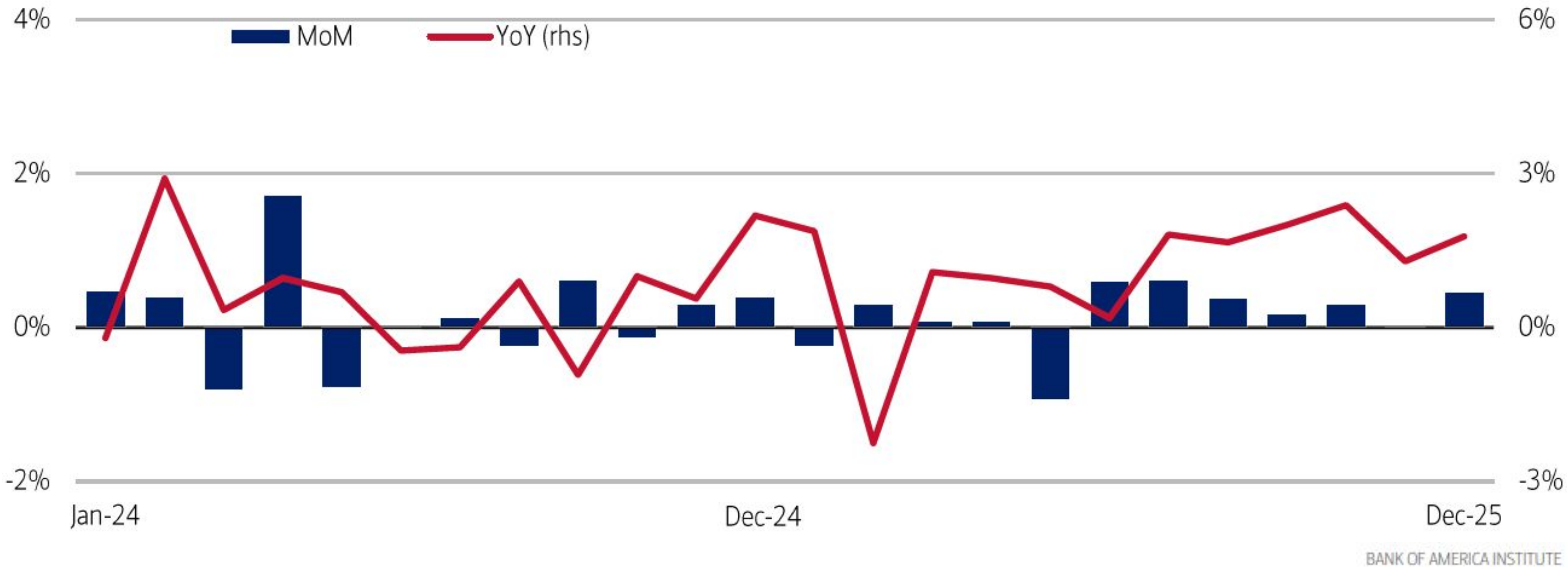
Our network of trusted partners and expert knowledge of global financial transactions form an unparalleled data set. From this, our Institute team uncovers insights and trends that help people and leaders of today make better decisions, inspiring new visions of how business and society move forward.

| 70 Million | $1.2 Trillion | $4.3 Trillion | 58 Million |
|---|---|---|---|
| Consumer and small business clients | Consumer and wealth management deposits in 2024 | Total payments in 2024 | Verified digital users |

# Consumer spending rebounded to close out the year

**Total card spending increased 0.5% month-over-month (MoM) in December, following a flat November**

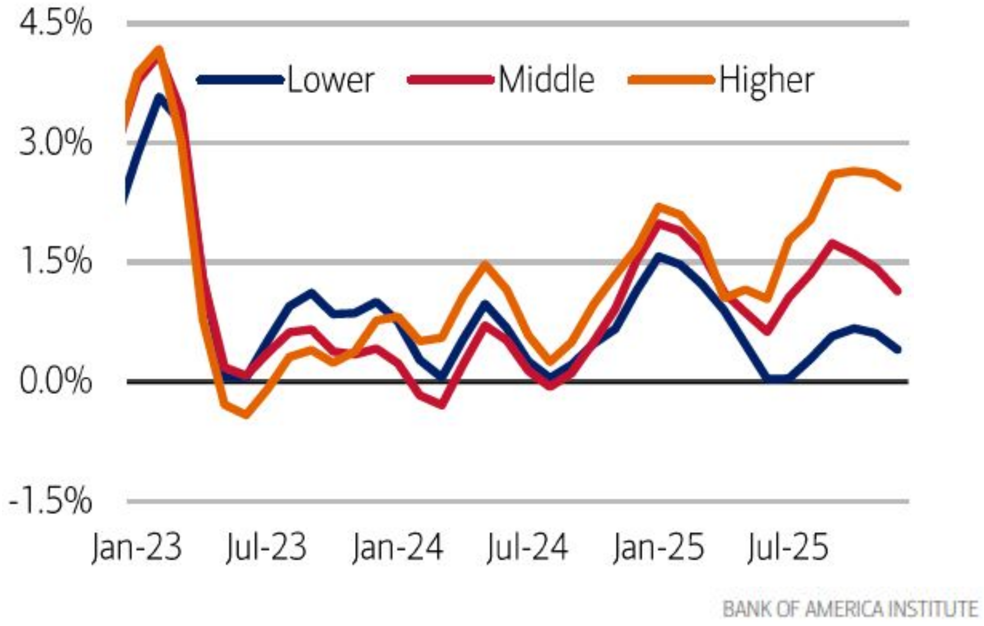
Total credit and debit card spending growth per household, based on Bank of America card data (monthly, MoM%, seasonally adjusted (SA)) and (monthly, year-over-year (YoY) %, non-SA, right-hand side (rhs))



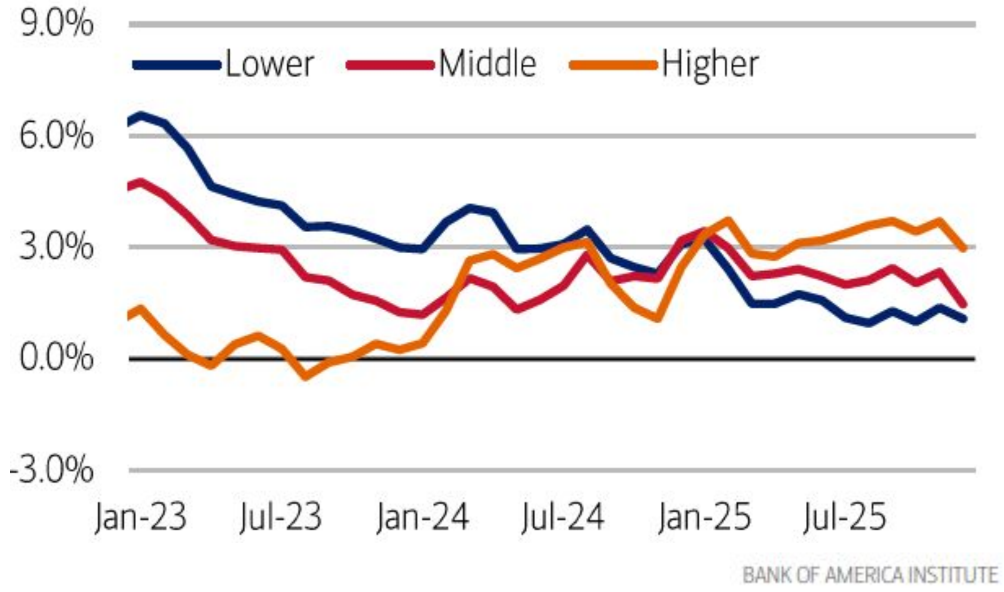

**Source:** Bank of America internal data

# The “K” factor continues but the gap hasn’t widened

**Lower-income households' spending growth was 0.4% YoY in December, compared to 2.4% for higher-income peers**
Total credit and debit card spending per household, according to Bank of America card data, by household income terciles (3-month moving average, YoY%, SA)



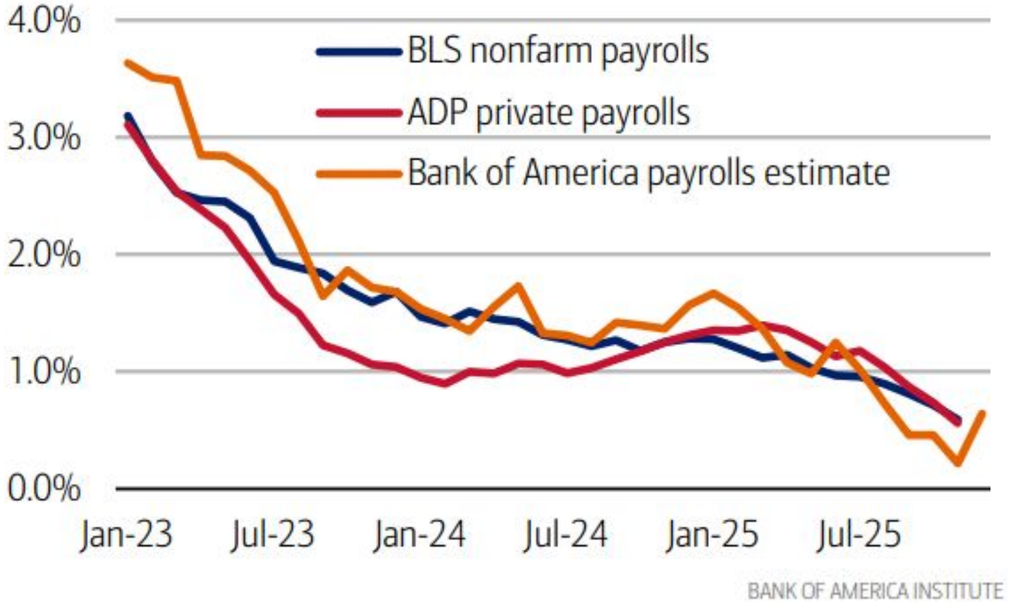

**In December, higher- and middle-income household wage growth slowed to 3% YoY and 1.5%, respectively, while for lower-income households it ticked down to 1.1% YoY**
After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit data (3-month moving average, YoY%, SA)



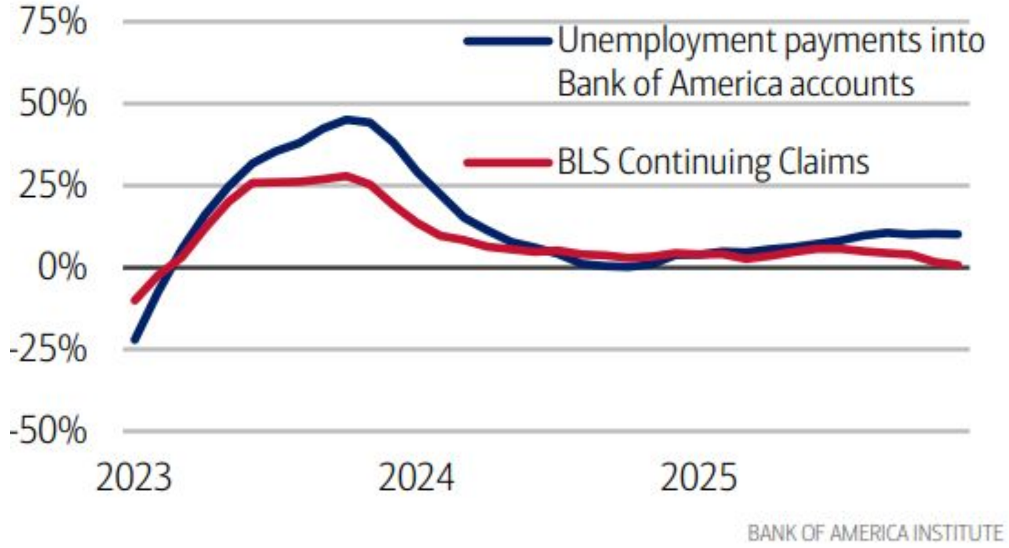

**Source:** Bank of America internal data

# Payrolls partly rebound, while unemployment payments remain flat

**An estimate of payrolls from Bank of America internal data suggests some rebound in YoY jobs growth in December**
Payroll estimates from Bank of America internal data (three-month moving average, % YoY), the Bureau of Labor Statistics (BLS) and Automatic Data Processing (ADP) (monthly, YoY)




**Unemployment payments into Bank of America customer accounts rose around 10% YoY in December, similar to September-November**
Number of households receiving unemployment payments (three-month moving average, YoY%, non-SA) and Continuing claims (three-month moving average, YoY%, SA)

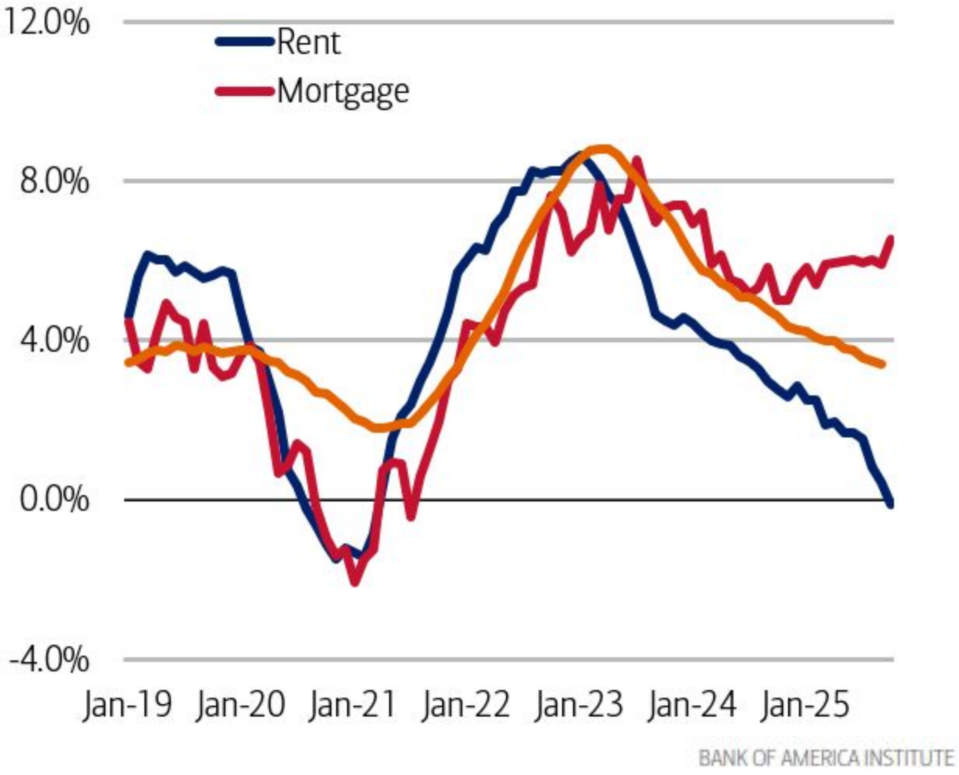



Note: BLS and ADP data are seasonally adjusted. Bank of America data is not seasonally adjusted.
**Source:** Bank of America internal data, Haver Analytics, Bloomberg

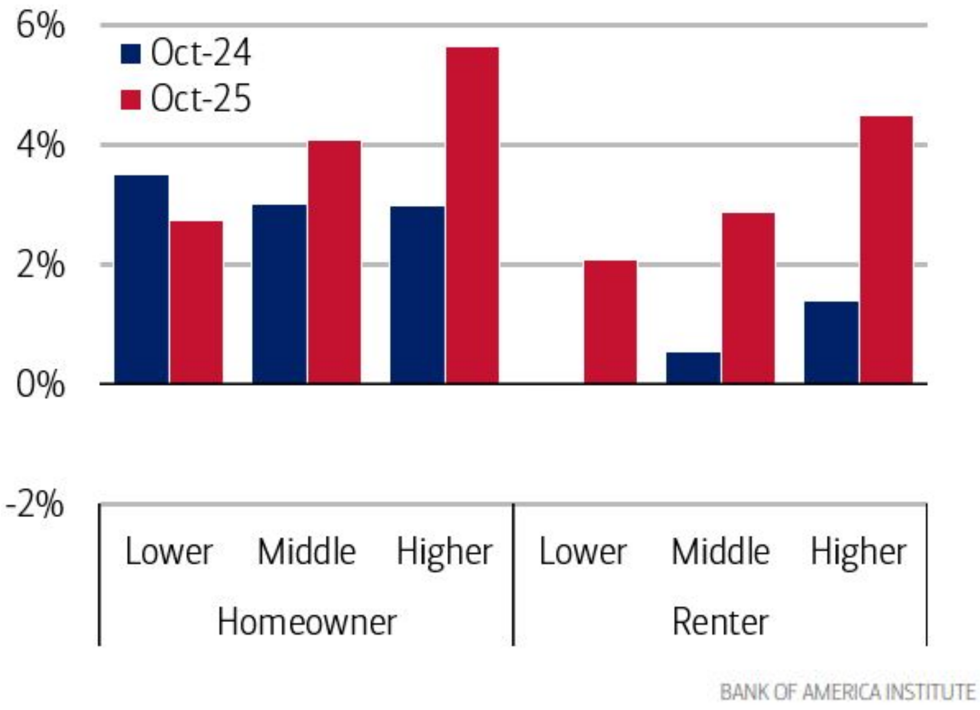
Note: December continuing claims YoY data is average for weeks through December 19, 2025.

# Flat rent growth provided a boost to renters' discretionary spending last year

**Rent payments saw no growth in October, despite rental prices continuing to increase**
Monthly median mortgage payment and rent growth, based on Bank of America data (3-month moving average, YoY%) and rent CPI inflation, based on BLS data (monthly, YoY%)




**Spending growth from renters has strengthened across the income spectrum compared to last October**
Card spending (excluding rent, gasoline, groceries, and utilities), based on Bank of America data, by housing type and income (3-month moving average, YoY%)

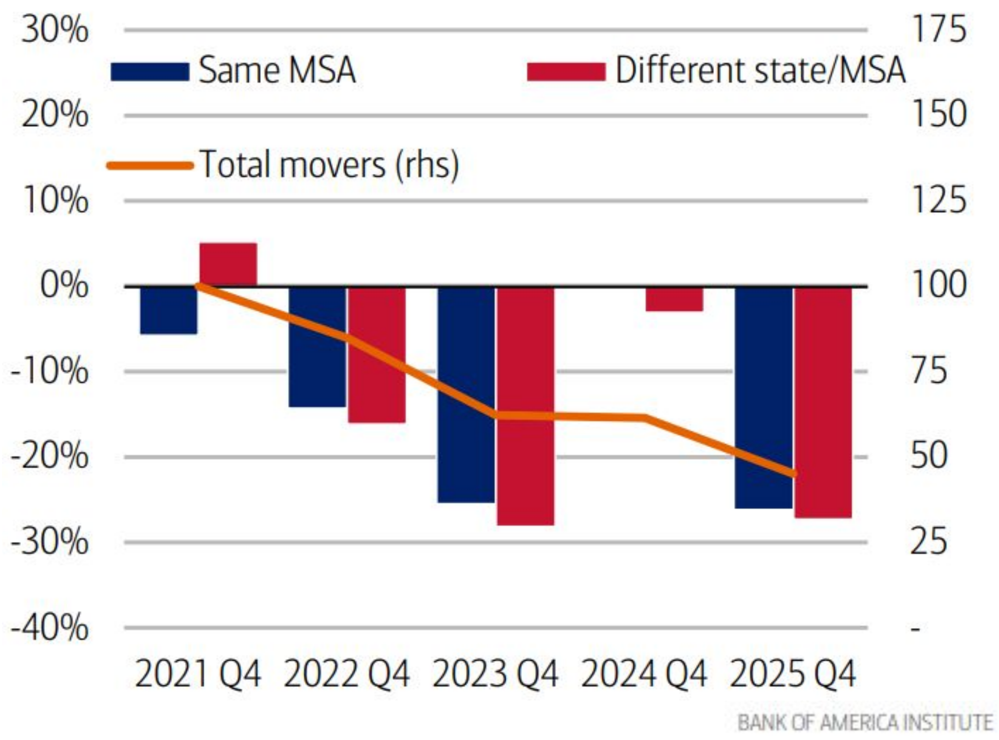



Note: BLS data is based on "like for like" rents (e.g., the same rental unit in the same city).
**Source:** Bank of America internal data, BLS

# Fewer movers… and not venturing far from home

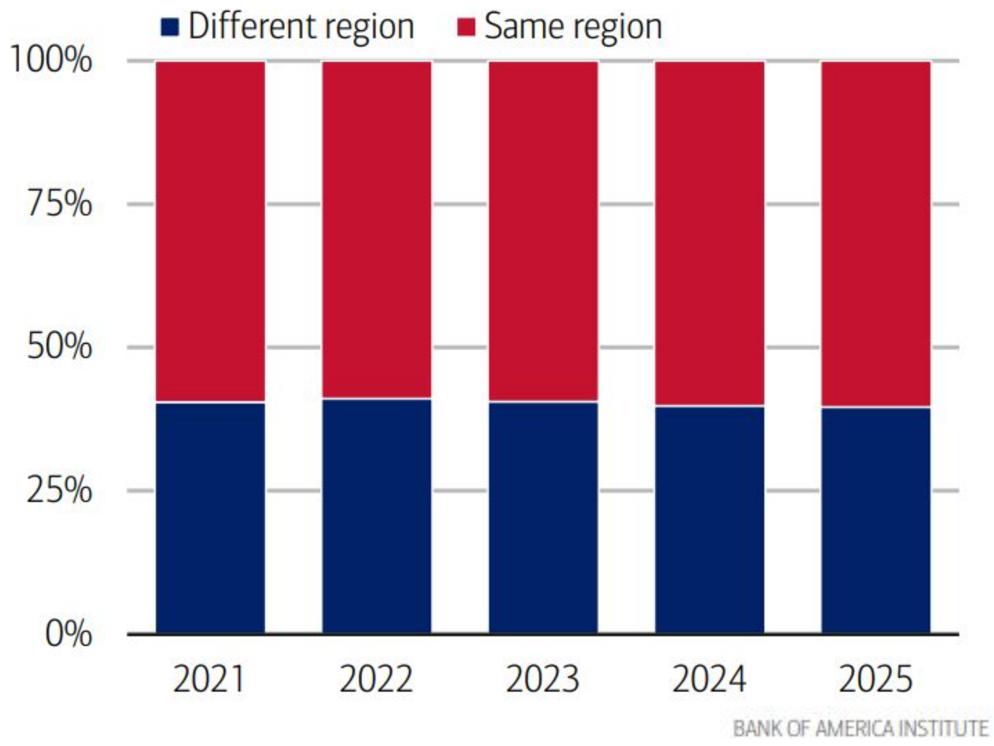
**The number of people moving to different states or metropolitan statistical areas (MSAs) declined faster than those moving within the same MSA**

Change in the number of people moving by location (Q3 figures for 2021 to 2025, YoY%) and change in the total number of movers (Q4 figures from 2021 to 2025, indexed to 2021 = 100)



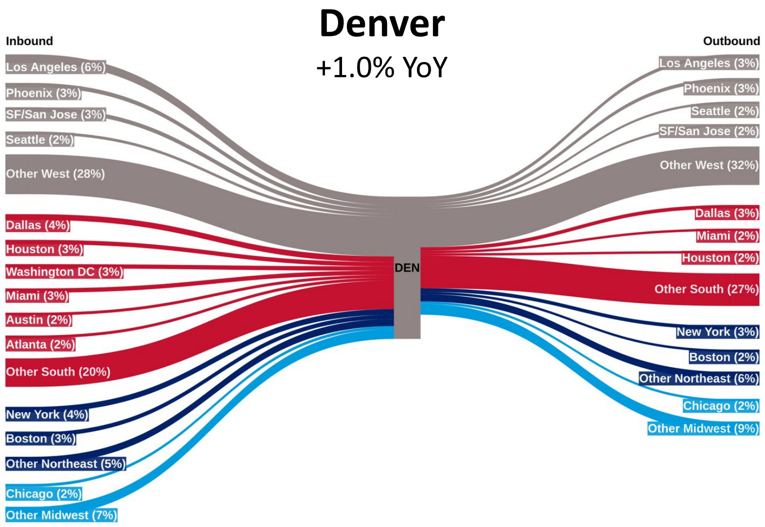

**When moving to another city or state, people often choose to relocate in the same region**

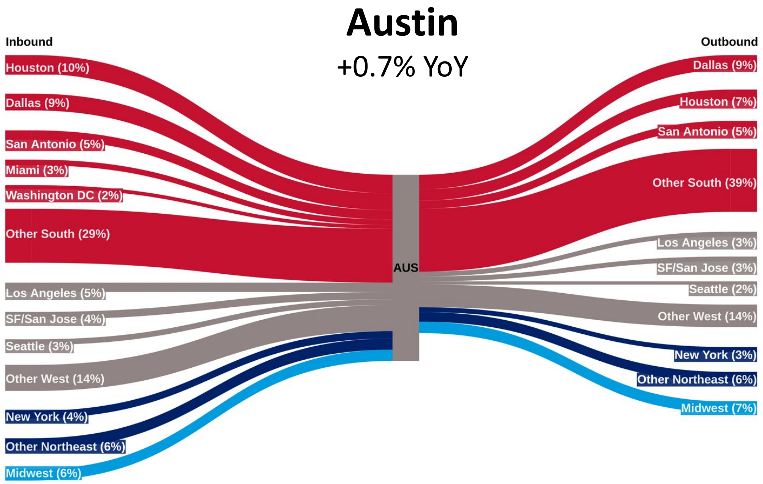
Share of people moving within the same region and to a different region (yearly, %)

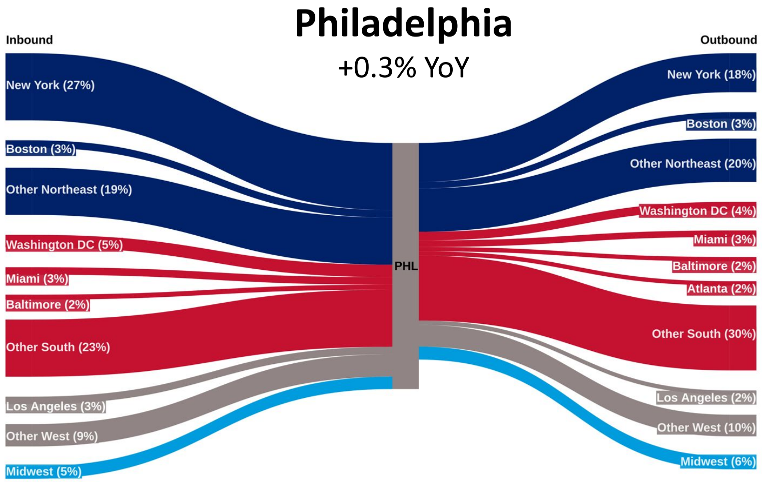


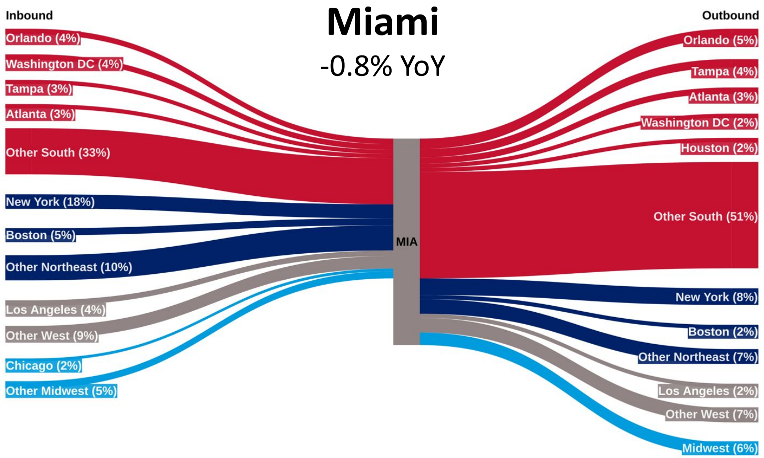

**Source:** Bank of America internal data

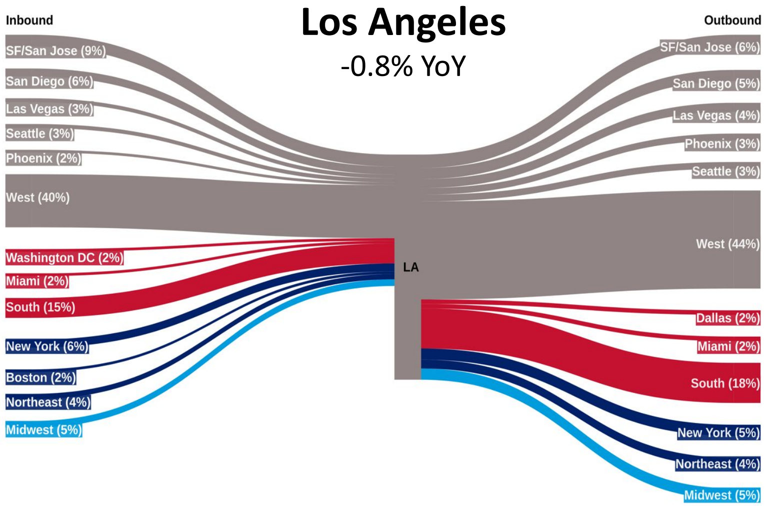
# Migration patterns – Largest net population flows

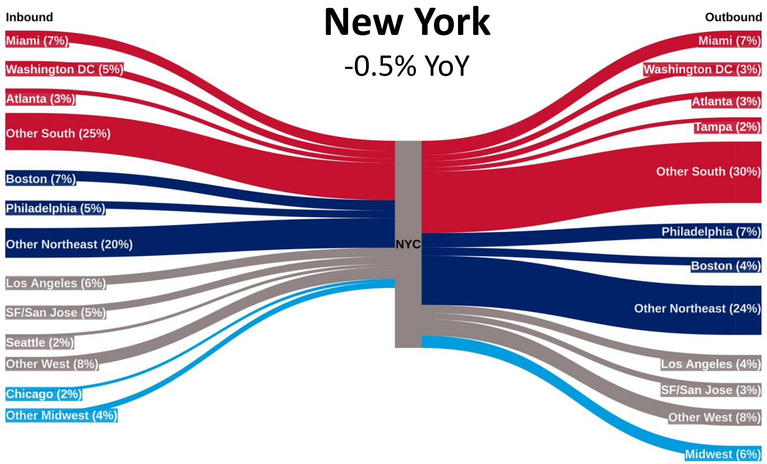


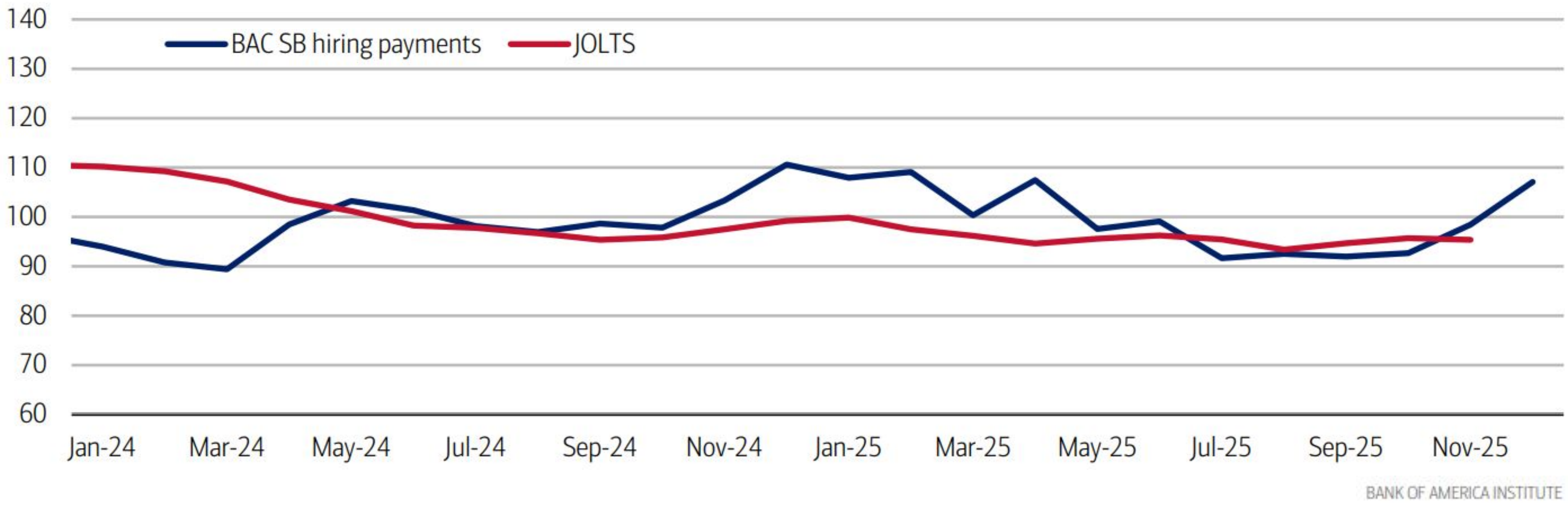




Note: Share of population inflows and outflows by major MSAs (2025, %)
**Source:** Bank of America internal data

# Small business hiring slowdown reverses at the end of year

**Small business payments to hiring firms improved in the final month of 2025, rising 7% from the 2024 average**

Small business (SB) payments to hiring firms per client (indexed, 2024 average, = 100, monthly, 3-month moving average) and Job Openings and Labor Turnover Survey (JOLTS) (indexed, 2024 average, = 100, monthly, 3-month moving average, SA)




**Source:** Bank of America internal data, Haver Analytics

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# Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate can be explained by the following reasons:
1) Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.
2) Per household card spending growth only looks at households that complete at least five transactions with BAC cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.
3) Overall total card spending includes small business card spending while per household card spending does not.
4) Differences due to using processing dates (total card spending) versus transaction date (per household card spending).
5) Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorized are periodically re-assessed.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

Generations, if discussed, are defined as follows: 1) Gen Z, born after 1996; 2) Younger Millennials: born between 1989-1995; 3) Older Millennials: born between 1978-1988; 4) Gen Xers: born between 1965-1977; 5) Baby Boomer: 1946-1964.

Any reference to card spending per household on gasoline include all purchases at gasoline stations and might include purchases of non-gas items.

# Methodology

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Major grocery categories include sugar and sweets, juices and other non-alcoholic beverages, bakery products, processed fruits and vegetables, fresh fruit and vegetables, coffee and tea, fats and oils, milk, cereal and cereal products, other, cheese, and meats, poultry and fish, Other includes soups, snacks, frozen and freeze-dried prepared foods, and spices, seasonings, and condiments.

Because our data is based on a fixed sample of customers it will not capture the impact of international migration. Instead, our analysis is designed to look at how internal migration in the United States is changing. Accordingly, the overall population movements in the official Census Bureau data, which also accounts for international migration, will not necessarily align with our data in some MSAs, though our data should give similar directional signals.

Our analysis for domestic migration pattern is based on the group of Bank of America customers who had an open consumer checking, savings, credit and/or other investment accounts for every quarter between 4Q 2020 and 4Q 2024. Migration pattern is then extracted based on customer home addresses. This methodology yields a fixed sample size of roughly 45 million customers.

Median mortgage payments for customers who have not moved was also based on this data and include only customers who have not had a change in address.

Estimate of payrolls growth from Bank of America internal data is based on the change in customer accounts receiving a paycheck in the month. An adjustment is made for the difference between overall population growth and customer account growth.

Durables spending is defined as spending on electronics, building materials, auto and furniture. Premium durables spending is based on a selection of retailers who are judged to sell relatively higher value products. Conversely, value durables spending is based on a selection of retailers who are judged to sell relatively lower value products.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, insurance, public transportation, and tax payments. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category.

Metropolitan Statistical Areas (MSAs) align to US Census Regions as follows:

1) Midwest: Indianapolis, Chicago, Cleveland, Columbus, Detroit, St. Louis
2) Northeast: Boston, New York City, Philadelphia
3) West: Los Angeles, San Francisco, San Jose, San Diego, Seattle, Denver, Las Vegas, Phoenix, Portland
4) South: Atlanta, Austin, Baltimore, Charlotte, Dallas, Houston, Jacksonville, Miami, Nashville, Orlando, San Antonio, Tampa, Washington DC

# Methodology

These changes in address are also used to identify households that have moved in order to capture the spending on moving-related categories for the six-month period before and after a move. To look at this, we use Bank of America internal credit and debit card spending data for households that moved in June over the period 2020-2025. We then determine the average household spending for the 6 months leading up to the move, denoted as “6-” through “1-”, the month of the move, denoted as “0,” and for the 6 months after the move.

Lower, middle, higher (excluding top 10), and top 10 mortgage payment cuts in Bank of America payments data are based on median monthly mortgage payments in each zip code. These zip codes are then ranked in order from high to low and bucketed according to terciles, with a third of mortgage payments placed in each tercile periodically. The lowest tercile represents “lowest mortgages”, the middle tercile represents “middle mortgages” and the highest tercile “higher mortgages”. The top 10% is then further separated from the highest tercile to denote the top 10% of zip codes by median mortgage payments. The zip codes are reallocated over time, reflecting any number of factors that impact mortgages, including inflation, net domestic migration and shifting supply/demand. The median mortgages payments in each zip code are periodically re-assessed.

The Sunbelt most commonly refers to the South and Southwestern states of Florida, Georgia, South Carolina, Alabama, Mississippi, Louisiana, Texas, New Mexico, Arizona, Nevada, and California as well as the Southern portion of Colorado, North Carolina, Tennessee, and Utah.

Revenue tiers are determined by the combination of following factors: 1) stated revenue on small businesses credit applications, 2) actual account inflow into Bank of America Deposit Accounts, and 3) third party revenue estimation.

The alternative hiring indicator consists of payments from Bank of America small business clients to small business-focused hiring firms which include both direct deposits through Automated Clearing House (ACH) and payments via credit and debit cards.

Additional information about the methodology used to aggregate the data is available upon request.

# Disclosures

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