

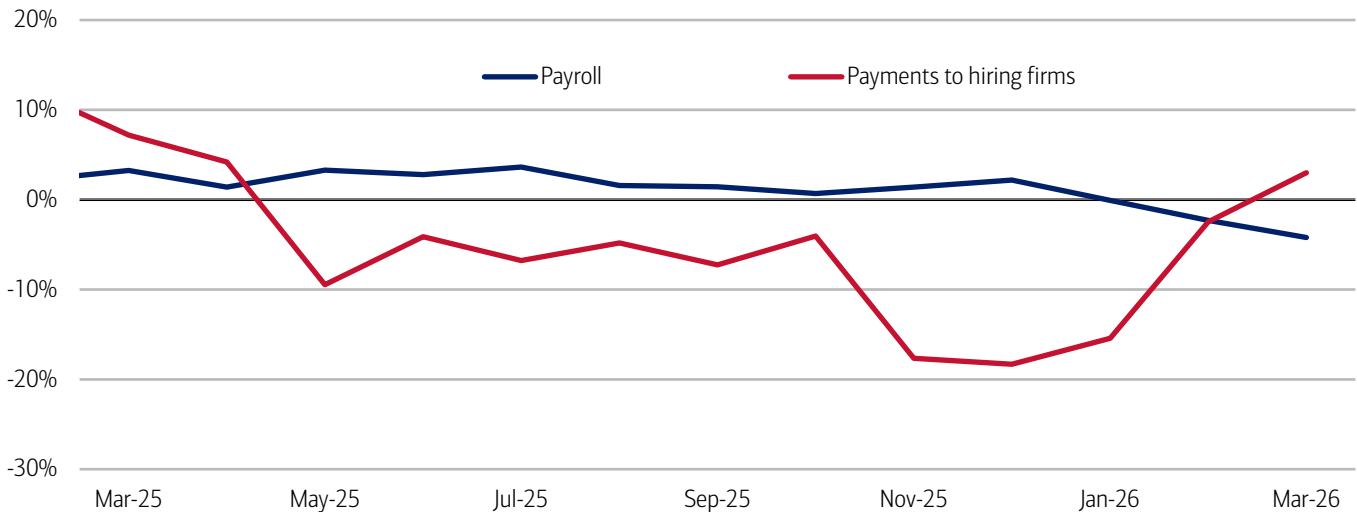
Daily Insights

Small business labor market stalls while hiring signals turn up

20 April 2026

Small business payroll growth continues to fall, whereas hiring payments turned positive for the first time in a year

Payroll payments per small business client and payments to small business hiring firms, year-over-year (YoY)%, monthly, 3-month moving average



Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

The small business labor market is in limbo. March marked the third consecutive month of falling small business payroll growth, the first time we've observed this pattern in our data since 2021.

Yet, Bank of America Institute's alternative hiring indicator – which has a one-month lead on the Job Openings and Labor Turnover Survey (JOLTS) – turned positive for the first time since April 2025. Small construction and manufacturing firms were nearly 40% above the 2023 average level in March, suggesting nuance amongst sectors that face labor supply constraints.

Read more in our [April Small Business Checkpoint](#).

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 **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 are 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.

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.

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.

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

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Disclosures

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