

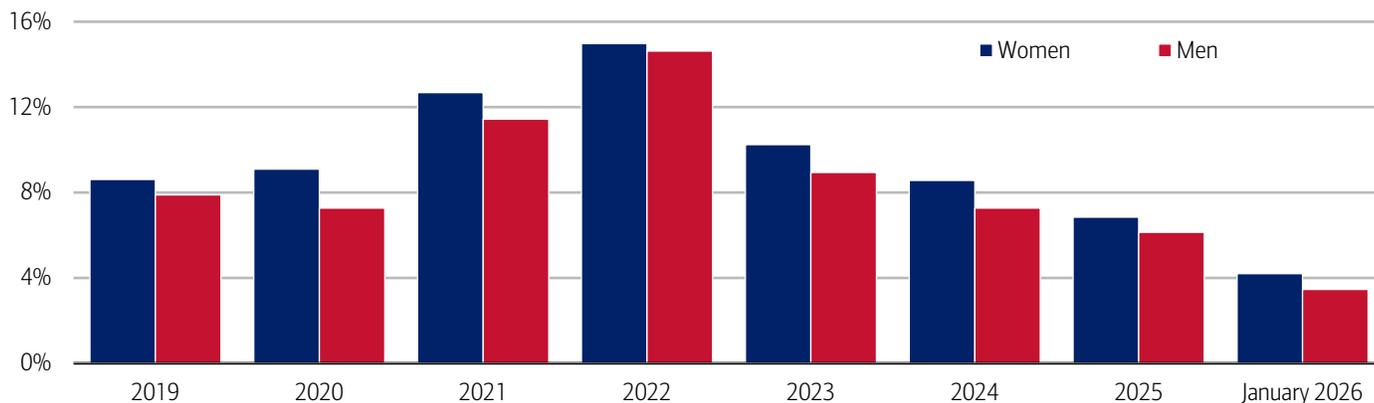
Daily Insights

In January, job changers' pay raises were <50% of 2019 levels

03 March 2026

For both men and women, the pay raise associated with a job change continues to moderate

Median pay raise for job-to-job movers (annual average through year-to-date) *



Source: Bank of America internal data

*Calculated as the change in pay in the three months from a job move compared to pay over the same three months a year earlier.

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Workers are still getting a boost when they switch jobs, but that premium is fading. In January, the median pay raise associated with a job change was less than half that of the 2019 average, although women's remained above men's. That gap is a small but encouraging sign for narrowing the gender pay divide.

However, if "low-hire, low-fire" continues to characterize the labor market, the job-change premium could compress further, limiting the extent to which workers can secure meaningful pay bumps by switching roles.

Read more in [Where are women positioned in a "K-shaped" economy?](#)

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.

Bank of America 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 is 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.

Three tiers (premium, standard and value) were based on after-tax median income derived from payroll direct deposit of individual customers who have shopped at such stores. The stores were then ranked by the median income of their shoppers, with the top third denoted as “premium,” the middle third as “standard,” and the bottom third as “value.” In our view, such categorization is a fair view of how expensive the items are at those stores. Any stores included has had at least 100,000 individual Bank of America customers making at least one purchase during the past 12 months.

The sample of customers in this analysis includes a dynamic pool of customers that have a checking, a saving or a credit card account with BAC each month. Each customer’s tier was determined by taking customer spending during the past 12 months, across the three tiers. The tier with the highest percent of spending will determine the customer’s tier for each category. For example, if the customer spent the majority of their apparel dollars at premium tier apparel stores, the customer’s apparel tier is designated as premium tier, even though they might still have apparel spending at the value/standard tier. This is repeated for dining (restaurants, bars, etc.), travel (hotel lines, car rental agencies, airlines, etc.), and grocery stores.

For the “spending tier composite”, or STC, if a person spends most of their money at the premium tier, that equals a score of “3,” while standard is a “2” and value equals “1.” This is done across four major spending categories: groceries, apparel, restaurants and/or travel. The highest score that can be achieved is a “12” (if someone spends the majority of their money at premium stores across all four categories), while the lowest is a “3” (if another person spends the majority of their money at value stores for groceries, restaurants, and apparel and has no travel spending). Then, we take an average of everyone in our sample to get a spending tier composite.

If applicable, the 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.

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

Median annual income growth is derived from customers who have a valid income value for every month over the time period and who have a non-null gender code. Gender data is self-select.

The Pay Disruption Rate is defined as the proportion of customers who previously had 12 months of regular payroll payments into their accounts, followed by at least 3 and up to 6 months of no payments, relative to the total number of customers with 12 consecutive months of payroll.

The job-to-job change rate (j2j rate) is defined as the proportion of customers with an identified change in their employer as a proportion of the total number of customers with employment income. We estimate the median pay rise associated with a j2j change using the pay in the first three months of the new job compared to the same three months a year ago who have a non-null gender code.

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

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

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Disclosures

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