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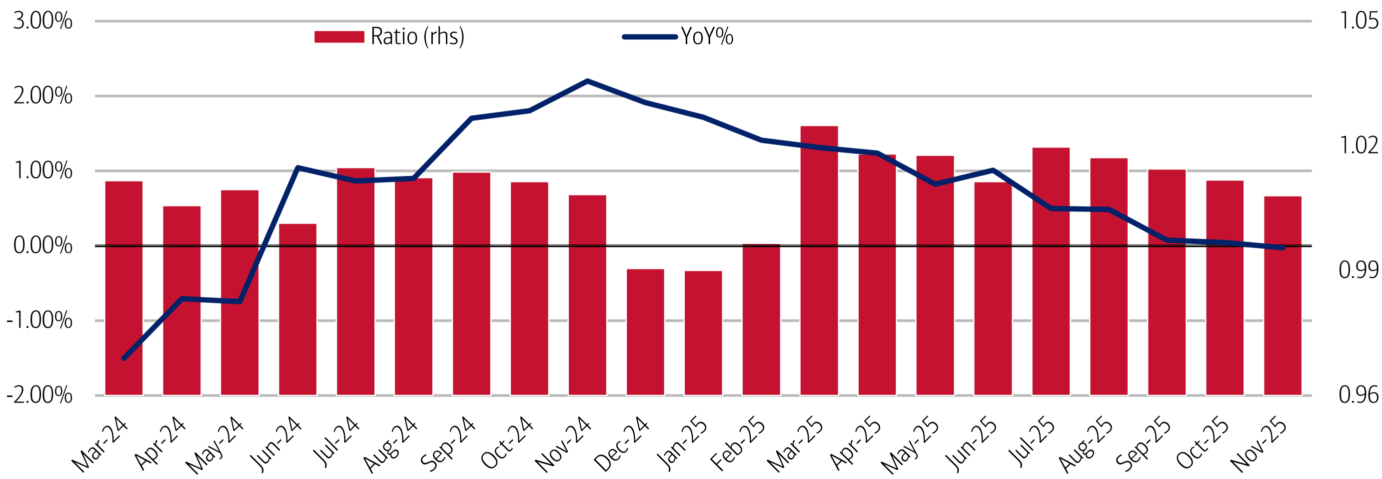
Daily Insights

Small business profit growth slips for first time in 18 months

17 December 2025

Profits remain positive for small firms, but YoY% profitability growth has turned negative for the first time in 18 months
Small business account inflow-to-outflow ratio (YoY% change, monthly, three-month moving average) (three-month moving average ratio, right-hand side (rhs))



Source: Bank of America internal data

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Small business profits – measured by our small business account inflow-to-outflow ratio – remained positive in November, though continued to moderate from peak levels. Holiday shopping likely provided a small boost, as Small Business Saturday has grown into a major event for small retailers.

However, this lift may have been lighter than small business owners had hoped, as holiday shopping appeared to lose steam over the Black Friday long weekend. This likely contributed to why year-over-year (YoY) profitability growth turned negative for the first time in a year and a half.

Read our latest publication: Small Business Checkpoint: Holiday gains, hiring freeze.

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.

Ipsos conducted the 2025 Bank of America Business Owner Report survey online between September 11 and September 23, 2025, using a pre-recruited online sample of business owners. Ipsos contacted a national sample of 819 small business owners in the United States with annual revenue between $100,000 and $4,999,999 and employing between two and 99 employees. Ipsos also interviewed a national sample of 253 medium-sized business owners in the United States with annual revenue between $5,000,000 and $49,999,999 and employing between two and 499 employees. The final results for the national small, medium-sized, and combined (small and medium-sized) business owner samples were weighted to their respective national benchmark standards for size, revenue and region.

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

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Disclosures