

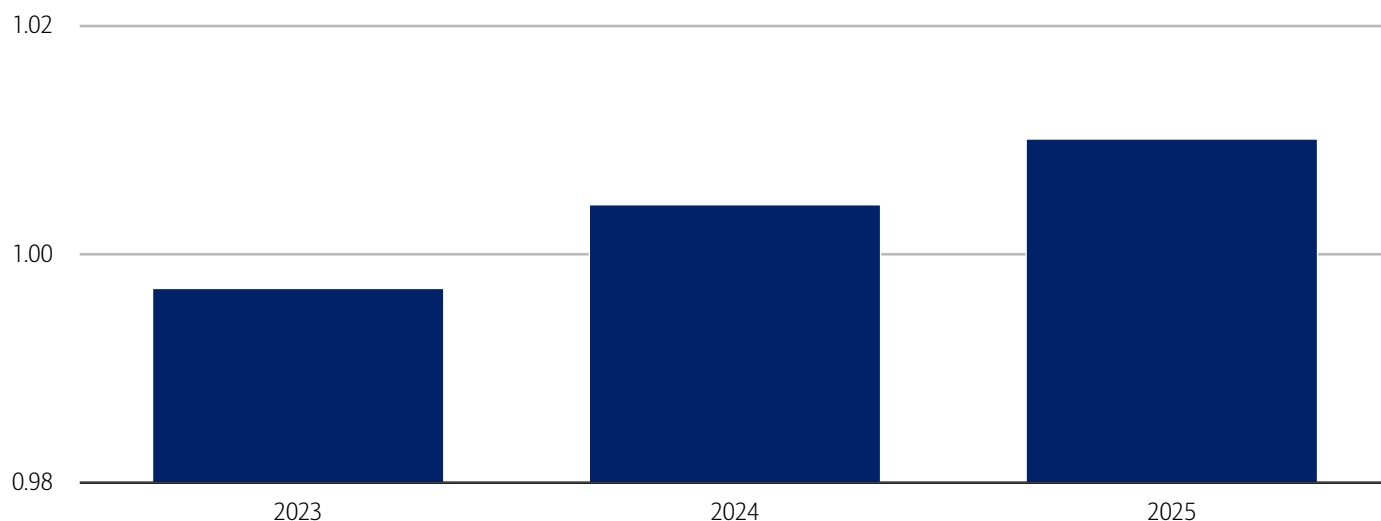
Daily Insights

Small business profits hold, but momentum is stalling

20 January 2026

By a marginal amount, Bank of America's small business profitability ratio increased in 2025

Small business account inflow-to-outflow ratio (annual average)



Source: Bank of America internal data

Note: A ratio less than 1 means inflows were less than outflows.

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Small businesses increased revenue in 2025, as Bank of America's small business account inflow-to-outflow ratio – a proxy for small business profitability – rose slightly above 2024 levels.

And although stronger profits give small businesses a bit of breathing room to weather rising costs, these gains didn't come evenly throughout the year. Profit growth slowed and even turned negative for the second month in a row by December, as inflation and tariffs kept the pressure on small business margins.

Step further into the data – read our latest publication: [Small Business Checkpoint: Turning the page?](#)

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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