

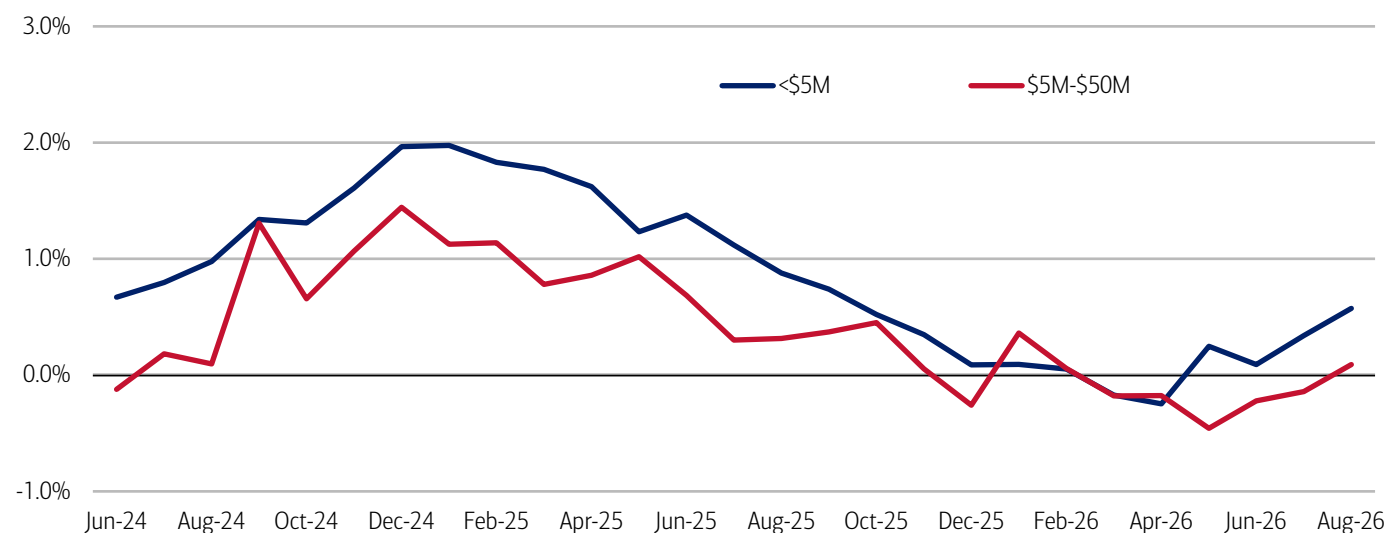
Daily Insights

Small firms lead mid-sized firms in profitability growth

24 September 2026

Small business profitability growth continued to outpace mid-sized business profitability growth in August

Inflow-to-outflow ratio by annual revenue (monthly, six-month moving average, year-over-year %)



Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

Bank of America Institute's Business Checkpoint is the next evolution of Small Business Checkpoint, expanding the dataset from firms with less than \$5M in annual revenue to those with less than \$50M. This broader lens not only increases the number of businesses represented, but also captures mid-sized firms that generate more than twice the share of revenue of smaller firms, according to the US Census Bureau.

Using Bank of America business account data, we find profitability ratios for both small and mid-sized firms were above their 2025 averages in August. Profitability growth among mid-sized businesses has also improved in recent months, though it remained below that of small firms.

The reversal is notable as this recent outperformance suggests some of the most acute headwinds facing smaller firms may finally be starting to ease.

The Institute's newest offering launched today. Read it here: [Business Checkpoint: Bigger and better.](#)

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 **Business** payments data represents aggregate spend from Small Business and/or Business Banking 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 Business client data represents activity spending from active 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. Mid-sized businesses in this report include business clients within Bank of America and are generally defined as \$5mm-\$50mm 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 business clients to business-focused hiring firms which include both direct deposits through Automated Clearing House (ACH) and payments via credit and debit cards.

AI-related spending is comprised of both AI companies and technology firms with AI capabilities. These are identified from merchant names and MCC codes.

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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