

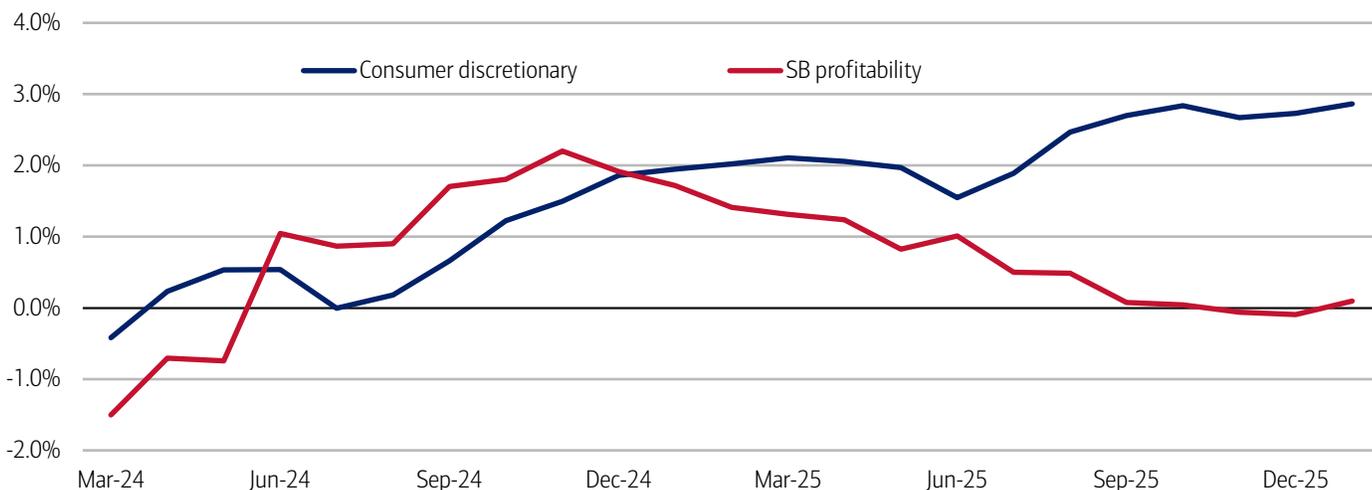
## Daily Insights

# Costs outpace small business revenues

19 February 2026

### Consumer discretionary spending growth has deviated from small business (SB) profitability growth

Aggregated credit and debit card discretionary spending growth (monthly, 3-month moving average (mma), seasonally adjusted, YoY%) and small business account inflow-to-outflow ratio (monthly, 3-mma, YoY%)



Source: Bank of America internal data

Note: Discretionary spending is total spending excluding gas, groceries and utilities.

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Small business confidence ticked up in January, thanks largely to a 6-point jump in expected real sales. That boost makes sense: consumers are still holding up, with total Bank of America credit and debit card spending per household rising 2.6% year-over-year (YoY) in January – the strongest pace in nearly two years.

But resilience isn't the whole story. Affordability pressures are squeezing consumers, and a "K" factor has emerged for middle-income households, making it harder for many small businesses to raise prices without losing customers. And despite an improvement in discretionary spending in the back half of 2025, small business profitability growth kept softening, pointing to a widening gap between what consumers spend and what businesses bring in due to rising costs.

Read this month's [Small Business Checkpoint: Adding up expenses](#).

## 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.

The Bank of America 2025 Navigator Monthly Landscape Survey was conducted online each month between November 2025 to January 2026. The survey consisted of 4,683 respondents throughout the US. Respondents in the study were age 18+ and were representative of the composition of the US Census for age, gender, household income and Census region.

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

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# Disclosures

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