BANK OF AMERICA INSTITUTE

BANK OF AMERICA

## Consumer Morsel

# Working towards a woman's world

25 March 2024

## Key takeaways

- As more women secure higher education, they have access to better career opportunities and, consequently, higher average earnings. Bank of America internal data suggests a narrowing gender pay gap, as the difference between women's and men's pay rises associated with a job change has been predominantly positive since 2019.
- Since the pandemic, women have driven labor force growth and significantly contributed to re-employment trends. In fact, Bank of America internal data on small business accounts indicates that sectors with the highest share of female workers saw a bigger contraction in payroll payments at the start of the pandemic and a more rapid recovery than all sectors since 2023.
- All of this suggests female consumption can remain an important driver for the economy in the coming years, but the impact will differ by sector – retailers that cater to personal care and experiences could benefit more as women unleash their spending power.

## More educated, more opportunities, more money

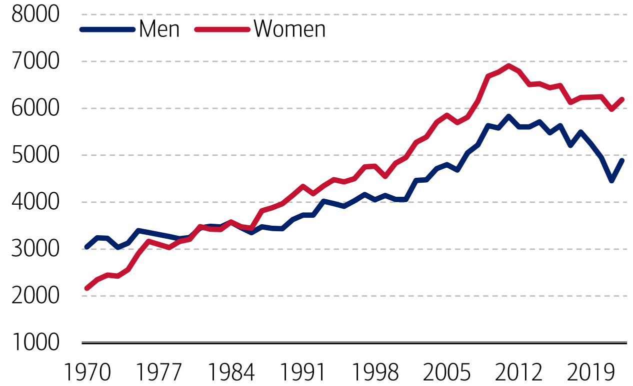
Women are an increasingly important driver of economic advancement, helping to fuel labor force growth and consumer spending. How did they come to be in this position of power?

For one, women have continued to gain substantially higher levels of education over the past half century. More than four times as many women aged 25-64 held a bachelor's degree or higher in 2019 than in 1970, per data from the Bureau of Labor Statistics (BLS). Furthermore, the number of women enrolled in college full-time is more than 25% greater than men as of 2022, compared to 1970 when the number of men enrolled full-time was almost 30% higher than women (Exhibit 1).

Better education also paves the way to better career opportunities for women, and, consequently, is raising women's average earnings, narrowing the gender pay gap. And though median earnings for women in 2022 were 83% of the median for men (source: BLS), using Bank of America internal data, we find that women's median annual income has been rising faster than men's for the past few years (Exhibit 2).

**Exhibit 1: Women have been surpassing men in full-time college enrollment since the 1980s**

Full-time college enrollment of students 14 years old and over by sex

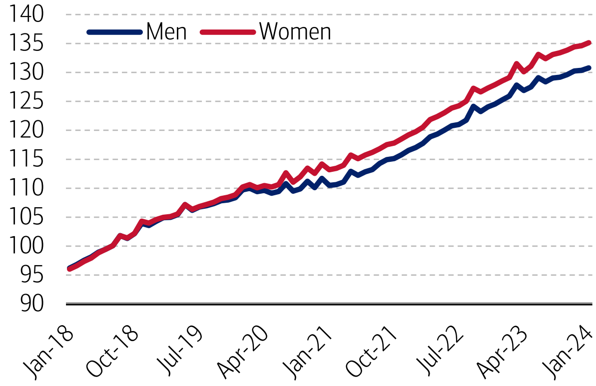



**Source:** 2022 American Community Survey by US Census Bureau

BANK OF AMERICA INSTITUTE

**Exhibit 2: Median annual income for women has been rising faster than men**

Median annual income (indexed, 2018 average = 100, monthly)



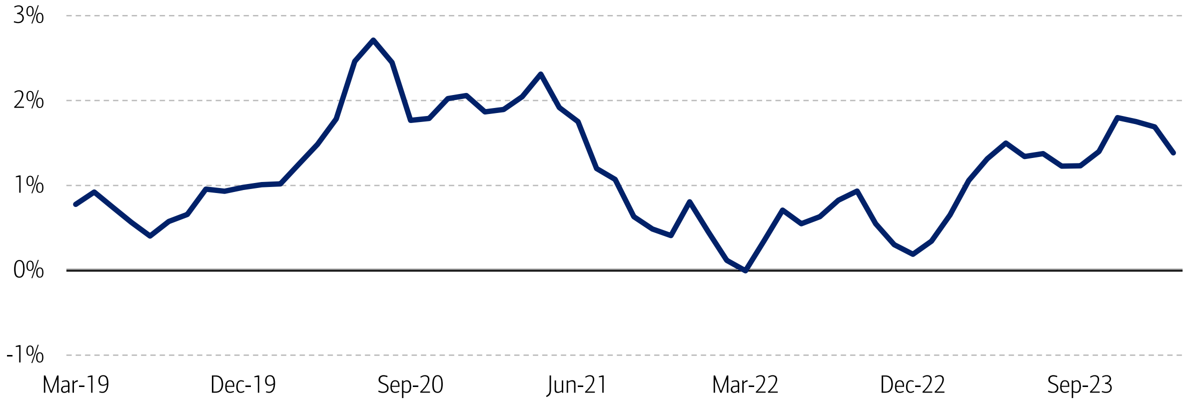

**Source:** Bank of America internal data

BANK OF AMERICA INSTITUTE

Plus, for those women who are changing jobs, the rise in pay associated with a job change has been relatively strong. When we take the difference between women's and men's pay increases associated with a job change, it has been predominantly positive since 2019 on a three-month rolling basis (Exhibit 3). This further suggests women have continued to achieve success in tapering the gender pay gap, likely due in part to more opportunities for higher-paying work as well as accelerated wage growth in lower-paying sectors in female-dominated professions.

**Exhibit 3: A positive difference between pay increases associated with a job change suggests women have continued to see success in narrowing the gender pay gap**

Difference in median pay increase associated with a job change between women and men (3-month moving average, %)




**Source:** Bank of America internal data

BANK OF AMERICA INSTITUTE

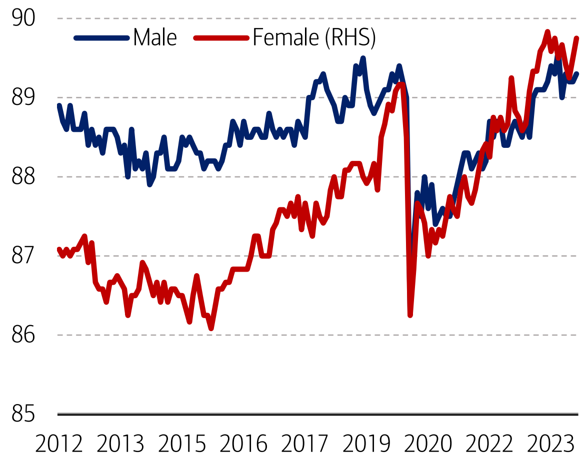
## Women led the prime-age labor force rebound

The rebound in the labor force participation rate in the wake of the pandemic recovery was led by prime-age (25-54 years) women (Exhibit 4). We think this is in part due to the reopening of childcare centers and more flexible work arrangements, and, according to BofA Global Research, evidence supports the idea that a home/hybrid working lifestyle has helped women move from unpaid work in the home to the broader paid workforce.

But even though the post pandemic recovery of female labor force participation has been sizeable, the labor force participation rate for women remains consistently below that for men, and, in a recent publication, we highlighted how rising childcare prices can threaten the potential for this gap to narrow further.

**Exhibit 4: Within the prime-age category, the recovery seems to be driven by women**

Labor force participation rate (25 – 54 years SA, monthly, %)

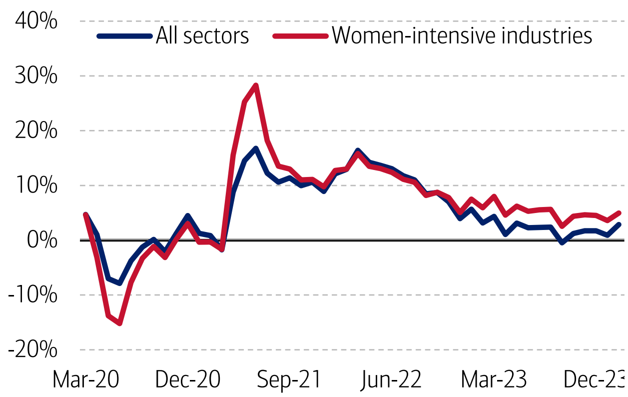



**Source:** Bureau of Labor Statistics

BANK OF AMERICA INSTITUTE

**Exhibit 5: Small business payroll payments growth in women-intensive sectors has increased at a faster rate than all sectors**

Small business payroll payments for women-intensive sectors vs. all sectors (% YoY, 3-month moving average as of February)




**Source:** Bank of America internal data

**Note:** Women-intensive sectors include social services, personal services, health services, educational services, restaurants, lodging, and apparel stores.

BANK OF AMERICA INSTITUTE

The surge in worker availability has allowed the economy to meet the demand for employment, which has been fueled in part by the rotation of spending toward services, specifically in high-touch industries like leisure & hospitality. These industries have historically been over-represented by women, and early on in the pandemic, employment in these sectors took longer to recover than male-dominated sectors like manufacturing and construction, according to BofA Global Research.

Using Bank of America internal data on small business accounts, we compare growth in payroll payments in these women-intensive sectors to growth in all sectors (Exhibit 5). At the start of the pandemic, women-intensive sectors showed a bigger pullback in payroll spending. In our view, this reflects that these sectors typically have higher exposure to in-person interactions and limited possibilities for remote work. As the economy recovered from the pandemic, we see a relative improvement in payroll spending for women-intensive sectors, and, since the start of 2023, accelerated growth above that of all sectors, further underscoring how women have driven employment gains in key sectors.

## A changing landscape for female consumption

Strong labor market gains, increased education, and delayed marriage[1] have positioned women to have more financial resources than prior generations as well as more financial independence. This not only impacts long-term investing (see: The rising wealth of women), but also spending patterns.

As women become wealthier, they tend to have fewer children, according to BofA Global Research. Women today have an average of 2.3 children, but over 90 countries have dipped below the replacement rate of 2.1 (Our World in Data, Visual Capitalist). Fewer children mean less spending on baby formula, childcare, and other child-related expenses.

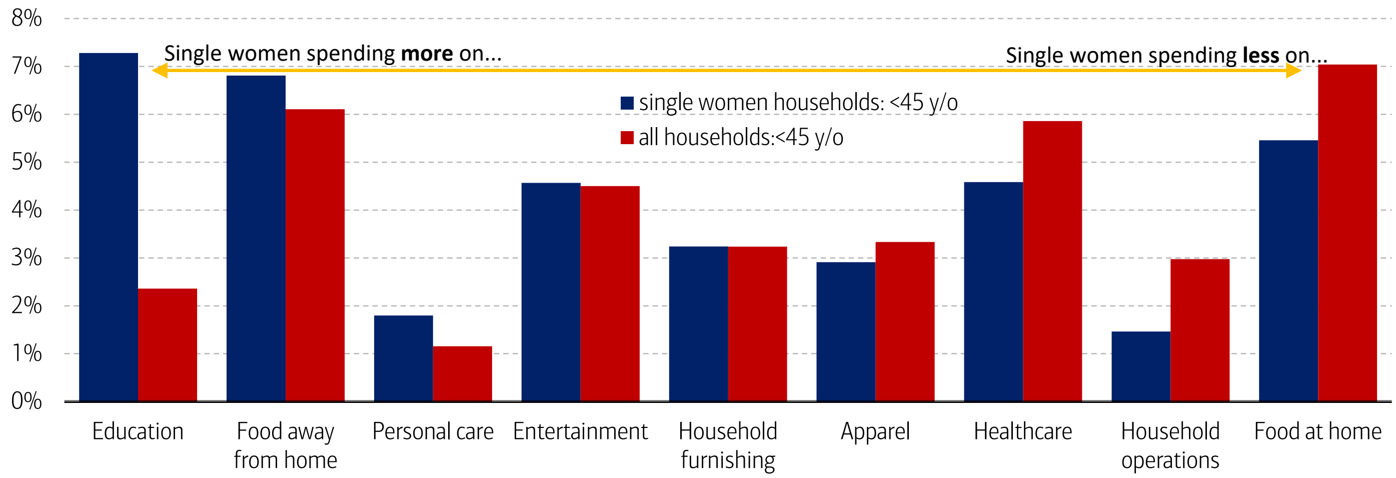
While child-related products may be negatively impacted, other areas could see benefits, such as personal service providers and luxury goods, according to BofA Global Research.

Plus, data from the Consumer Expenditure Survey shows that single women spend more on experiences and self-care (Exhibit 6), and, according to Bank of America internal data, overall average spending per household on these categories accounted for almost 20% of average total card spending in 2023.

Perhaps unsurprisingly then, BofA Global Research reports that female-led entertainment events like Taylor Swift's Eras Tour and the Barbie movie have had an outsized impact on consumer spending and have helped usher in the era of "funflation" in the economy. This is not just in terms of ticket sales but also spending on related merchandise as well as a boost to the local economy where these concerts are held (see: Sparks fly on local spending during live events).

**Exhibit 6: Single women spending more for themselves and focusing on experiences and self-care**

Share of total expenditure by select categories for single woman households vs. all households, aged <45 years old




**Source:** Bureau of Labor Statistics, BofA Global Research

BANK OF AMERICA INSTITUTE

## Women still have untapped potential

How might things evolve from here? Women – through their increased participation in the workforce, importance to service-providing sectors, and increased spending power – play an increasingly important role in US economic growth. Even so, there remains untapped potential. If there were to be further advances in policies aimed at reducing the cost of caregiving, promoting flexible working arrangements, and/or reducing gender pay gaps, we think such progress would likely continue to incentivize the participation and involvement of women in the workforce, unequivocally having beneficial aspects for the economy.

[1] American women's median age at first marriage was 28 in 2023, up from 21 in 1973 and 25 in 2003 (source: US Census)

## 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.

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 (in this case all 73 months), and who have a non-null gender code. Gender data is self-select.

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.

## Contributors

**Taylor Bowley**

Economist, Bank of America Institute

## Sources

**Anna Zhou**

China & Asia Economist

**Shruti Mishra**

Global & US Economist

**Adam Zeid**

Assistant Vice President, Global Risk Analytics

**Patrick Williams**

Senior Vice President, Data, Digital & Analytics

**Dimple Gosai**

Research Analyst & US ESG Strategist

**Megan Mantaro**

Research Analyst & US ESG Strategist

# Disclosures

These materials have been prepared by Bank of America Institute and are provided to you for general information purposes only. To the extent these materials reference Bank of America data, such materials are not intended to be reflective or indicative of, and should not be relied upon as, the results of operations, financial conditions or performance of Bank of America. Bank of America Institute is a think tank dedicated to uncovering powerful insights that move business and society forward. Drawing on data and resources from across the bank and the world, the Institute delivers important, original perspectives on the economy, sustainability and global transformation. Unless otherwise specifically stated, any views or opinions expressed herein are solely those of Bank of America Institute and any individual authors listed, and are not the product of the BofA Global Research department or any other department of Bank of America Corporation or its affiliates and/or subsidiaries (collectively Bank of America). The views in these materials may differ from the views and opinions expressed by the BofA Global Research department or other departments or divisions of Bank of America. Information has been obtained from sources believed to be reliable, but Bank of America does not warrant its completeness or accuracy. Views and estimates constitute our judgment as of the date of these materials and are subject to change without notice. The views expressed herein should not be construed as individual investment advice for any particular person and are not intended as recommendations of particular securities, financial instruments, strategies or banking services for a particular person. This material does not constitute an offer or an invitation by or on behalf of Bank of America to any person to buy or sell any security or financial instrument or engage in any banking service. Nothing in these materials constitutes investment, legal, accounting or tax advice.