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Economy

Consumer Checkpoint: February bounces back

10 March 2026

Key takeaways

- Spending growth was very strong in February, according to Bank of America internal credit and debit card data. The year-over-year (YoY) growth rate rose to 3.2%, the highest in over three years. And on a seasonally-adjusted basis, card spending rose a strong 0.9% month-over-month (MoM).
- The "K-shape" in spending growth between higher- and lower-income households narrowed slightly in February, but remains very substantial, and a similarly large gap persists between higher- and middle-income households. In our view, divergence in wage growth underpins these trends and does not suggest that the "K" will go away any time soon.
- Average tax refunds have been larger for higher-income households so far in 2026. However, lower-income households saw larger boosts to discretionary categories than higher-income ones, likely contributing to the temporary narrowing of the "K."
- Meanwhile, most consumers still remain in good financial health in regard to their credit card capacity and savings levels, though there is a continued rise in people making minimum credit card payments, which could indicate rising stress at the margins.

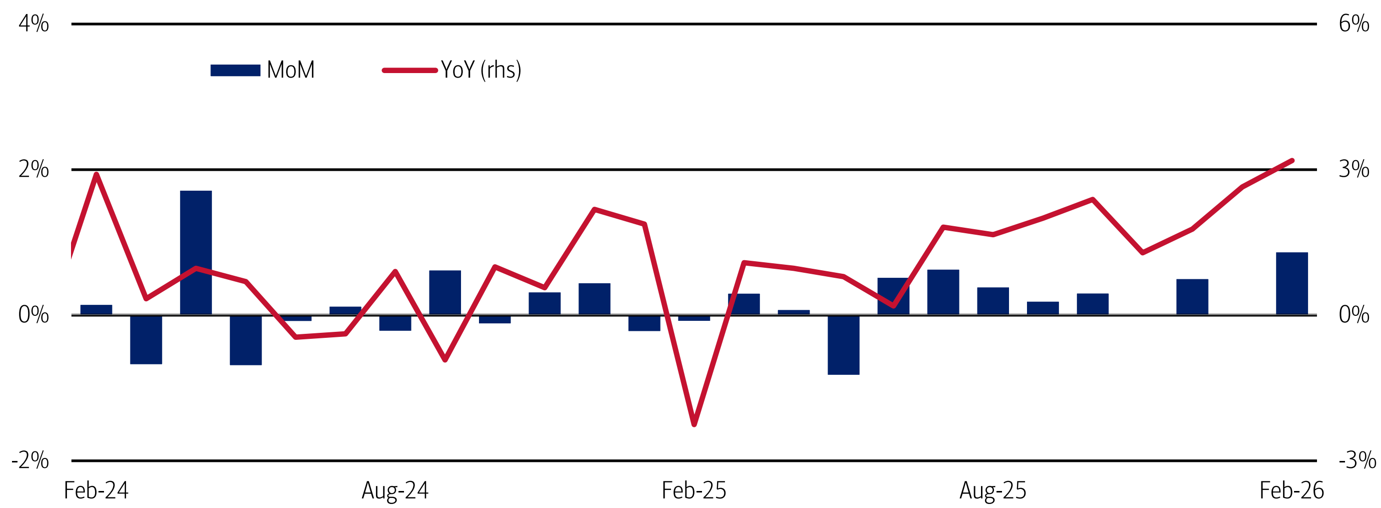
Consumer Checkpoint is a regular publication from Bank of America Institute. It aims to provide a holistic and real-time estimate of US consumers' spending and their financial well-being, leveraging the depth and breadth of Bank of America proprietary data. Such data is not intended to be reflective or indicative of, and should not be relied upon as, the results of operations, financial conditions or performance of Bank of America.

Consumer momentum strengthened in February

Total credit and debit card spending per household increased 3.2% year-over-year (YoY) in February 2026 – the highest YoY growth rate since January 2023 – following the 2.6% year-over-year (YoY) rise in January of this year (Exhibit 1). Seasonally-adjusted (SA) spending per household jumped 0.9% month-over-month (MoM) in February, following a flat figure the previous month where widespread winter storms likely suppressed spending.

Exhibit 1: February's YoY spending growth was the strongest in over three years

Total credit and debit card spending growth per household, based on Bank of America internal data (monthly, MoM%, SA) and (monthly, YoY%, non-SA)



Source: Bank of America internal data

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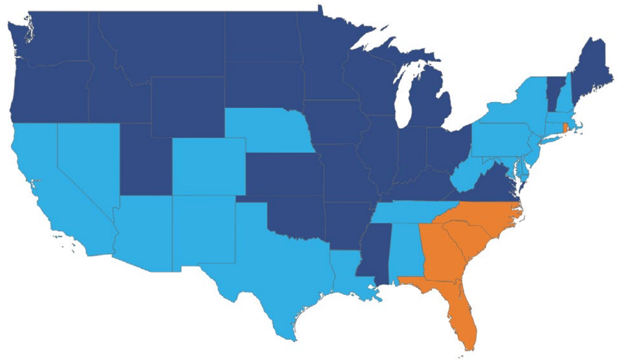
Spending held up well in the Northeast despite winter storms in late February

Overall February card-spending growth was solid across most of the US and likely benefited from a rebound in spending after January's winter weather, which affected the South and eastern seaboard. Portions of the South saw more modest growth, likely as some of the previous month's winter storm impacts appear to have spilled over into early February (Exhibit 2). However, spending was decent for most of the month in the Northeast, despite blizzards suppressing growth in New York, New Jersey, Connecticut, Massachusetts and Rhode Island toward the end of February, according to Bank of America card data (Exhibit 3).

Exhibit 2: Spending growth in the Northeast was solid YoY…

Spending growth by state (28-day moving average to February 28, YoY%, (dark blue: >4%, light blue: 4% to 2%, orange: -2% to 2%, red: <-2%))



Source: Bank of America internal data

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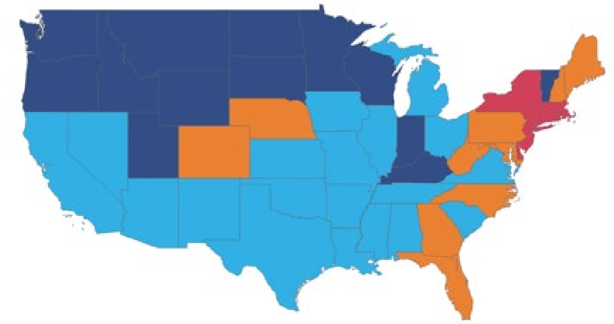
Exhibit 3: …despite notable YoY declines in late February due to winter storms

Spending growth by state (7-day moving average to February 28, YoY%, (dark blue: >4%, light blue: 4% to 2%, orange: -2% to 2%, red: <-2%))



Source: Bank of America internal data

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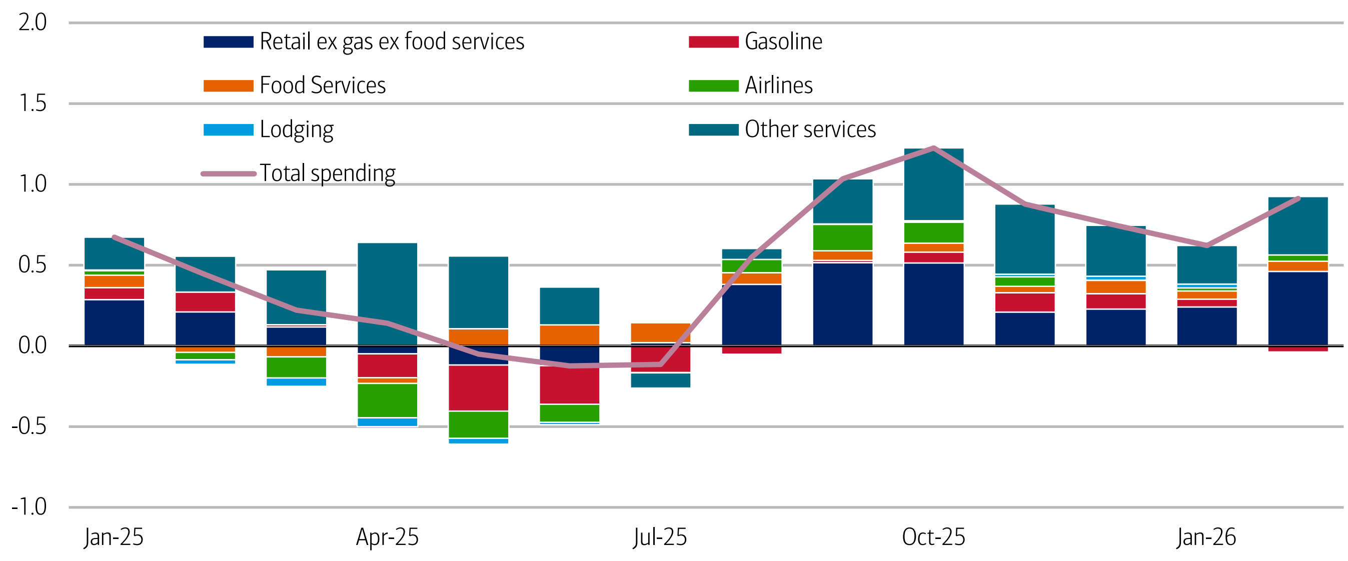
Services still in the driver's seat of card spending growth

What are people spending on? Recent momentum looks fairly balanced between services and retail spending. Services spending reflects positive contributions from highly discretionary categories like lodging, airlines and food services, and a broader range of other services (Exhibit 4), though retail spending (excluding gasoline and food services) also shows positive growth.

Gasoline spending has made little contribution to spending in recent months, up or down. But recent rises in the international price of oil and the knock-on effect on gasoline prices may put some upward pressure on household spending in this category in due course, potentially chipping away at some discretionary spending. That said, it is too early to be sure – it will ultimately depend on the extent and duration of higher prices at the pump.

Exhibit 4: Services spending is still the mainstay of overall spending momentum

Contribution to overall three-month on three-month credit and debit card spending growth by category (percentage points)



Source: Bank of America internal data

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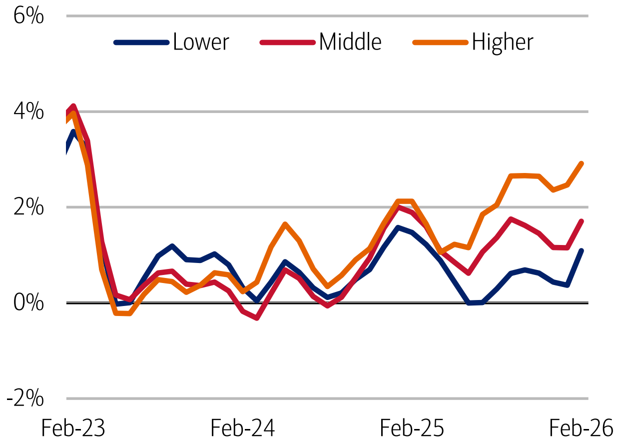
The spending "K" narrows (temporarily?)

The good news is that all income cohorts saw a rise in their three-month average YoY spending growth rates in February. In fact, the "K-shape" (or divergence) in spending growth between higher- and lower-income households narrowed slightly in February. Lower-income households spending growth was 1.1% YoY, 1.8 percentage points lower than higher-income households, at 2.9%. That is the lowest differential in growth between the cohorts in six months, but still substantial. Meanwhile middle-income households' spending growth was 1.7%, marking a 1.2 percentage point gap with higher-income households (Exhibit 5).

However, in our view, after-tax wage growth underpins these divergences in spending and suggests the underlying driver of the "K" isn't going away. In Bank of America customer deposit account data, the gap between higher-income households and all others was the largest since the data started being collected in 2015. Higher-income households' wage growth improved to 4.2% YoY in February from 3.8% YoY in January (Exhibit 6). Meanwhile, middle- and lower-income households saw wage growth cool by nearly 30 basis points to 1.2% YoY and 0.6% YoY, respectively. Notably, this is the first time that lower-income households' spending outpaced their wage growth since March 2022.

Exhibit 5: Lower-income households' spending growth accelerated to 1.1% YoY in February, a stronger improvement than the 2.9% YoY growth in higher-income households

Total credit and debit card spending per household, according to Bank of America card data, by household income terciles (3-month moving average, YoY%, SA)



Source: Bank of America internal data

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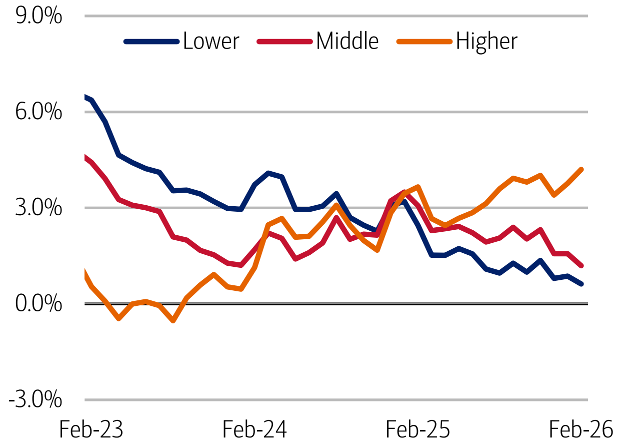
Exhibit 6: In February, lower-income households' after-tax wage growth was 0.6% YoY, while higher-income households' wage growth was 4.2% YoY

After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit account data (3-month moving average, YoY%, SA)



Source: Bank of America internal data

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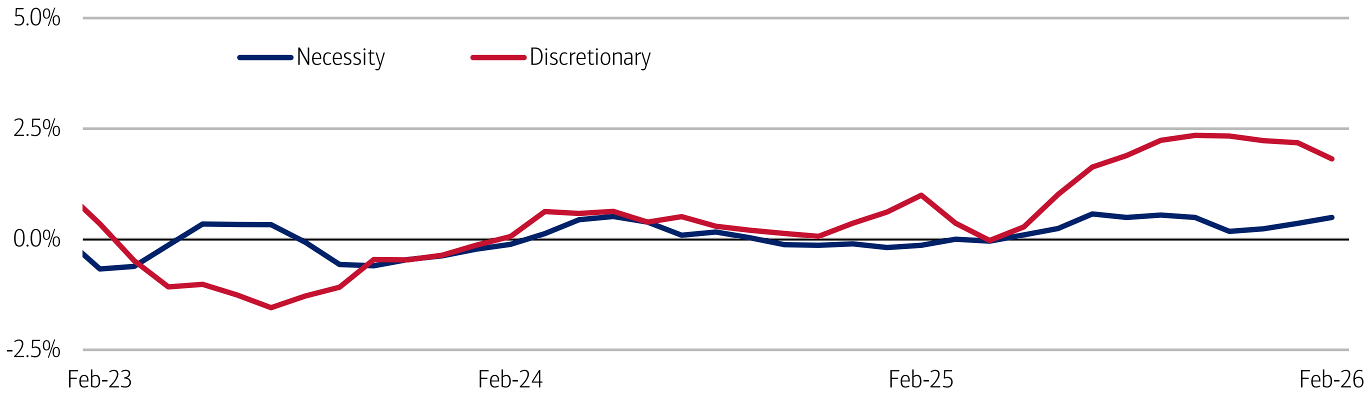
Some of the narrowing in the higher- to lower-income spending growth "K", this month, may reflect temporary boosts to lower-income households' spending after receiving tax refunds. But unsurprisingly over the past year, weaker wage growth for lower- and middle-income households is most obviously impacting their ability to spend on discretionary categories (Exhibit 7).

Exhibit 7: The "K" is kicking hardest in discretionary spending, although it has narrowed some since the beginning of the year

The difference between the card spending growth of higher- and lower-income households on necessity and discretionary categories (3-month moving average, percentage points, SA)



Source: Bank of America internal data. Necessity spending includes gas, groceries, and utilities

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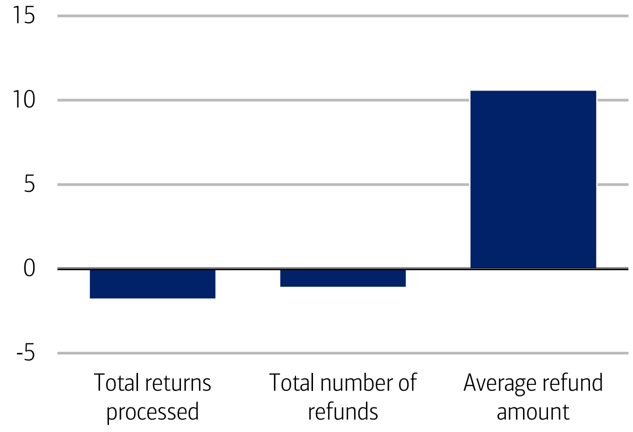
Higher-income households are seeing larger bumps to tax refunds so far

It's early in the 2026 tax season and there have been fewer tax returns processed and tax refunds issued than at the same point in 2025, according to the Internal Revenue Service (IRS) (Exhibit 8). However, so far, Bank of America deposit account data suggests that higher-income households have received larger increases in their tax refunds compared to other income cohorts (Exhibit 9). BofA Global Research also notes that the stimulus from the One Big Beautiful Bill Act (OBBBA) has so far come primarily through lower tax payments rather than refunds, a dynamic that may skew more toward higher-income households.

Exhibit 8: So far this tax season the number of payments and refunds is lagging 2025

The number of returns processed, and tax refunds issued, through February 27 compared to similar period last year (YoY%)



Source: Internal Revenue Service (IRS) data through February 27

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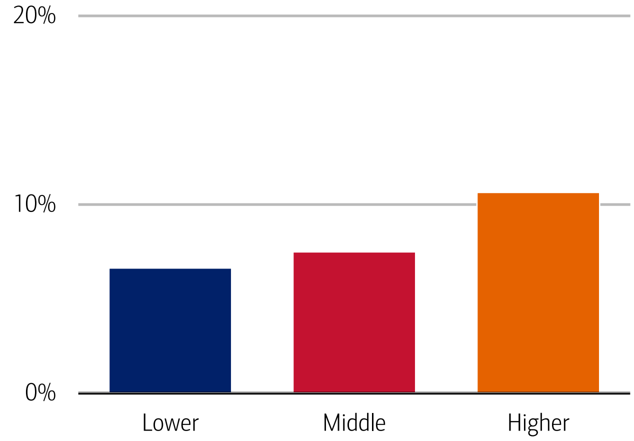
Exhibit 9: Average refunds are up most for higher-income households

Average tax refund by household income tercile through February 27 compared to similar period last year (aggregate, YoY%)



Source: Bank of America internal data

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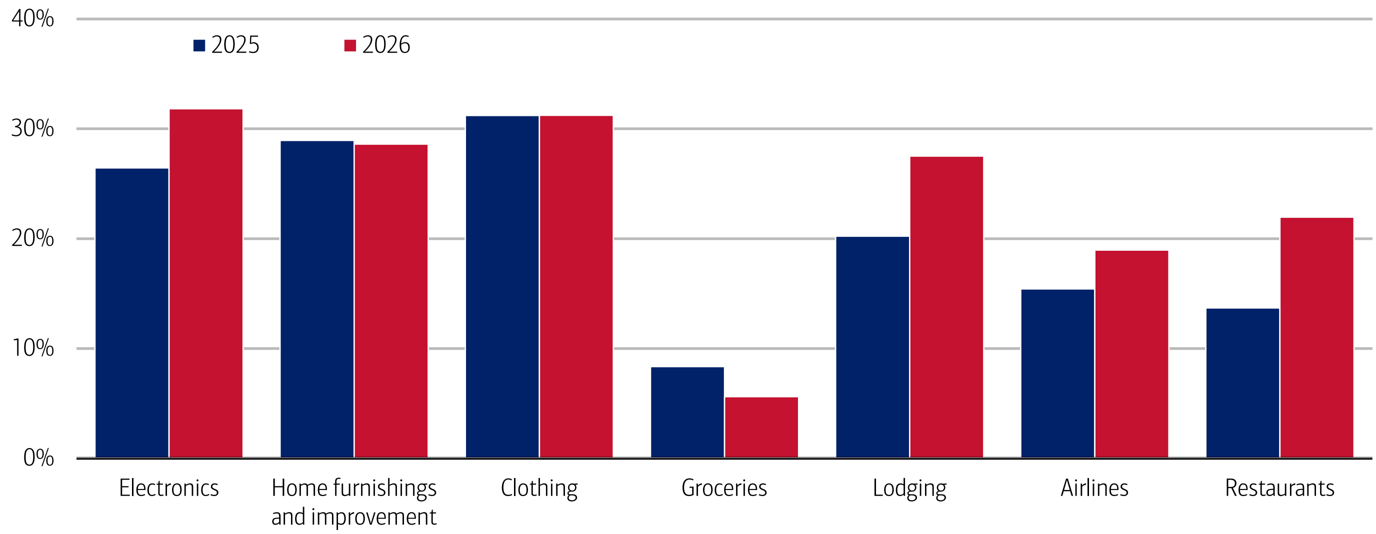
Early filers are spending on electronics and travel

Although the situation is still developing, comparing Bank of America payments data on spending before and after receipt of a tax refund gives us a sense of which spending categories get a boost from tax refunds. It appears that so far early filers have tended to favor electronics, home improvement, clothing and travel spending (Exhibit 10).

Interestingly, compared to the boost from refunds in 2025, travel and entertainment categories (lodging, airlines and restaurants) have all seen larger relative rises, with electronics seeing the largest comparative bump.

Exhibit 10: Earlier filers tend to spend slightly more on electronics, travel and restaurants

Spending across all payment channels in the three weeks after receipt of tax refund compared to average of three weeks before by select retail and service categories weekly, % change)



Source: Bank of America internal data.

Note: includes tax refunds up to February 6, 2026, compared to the entire tax period for 2025.

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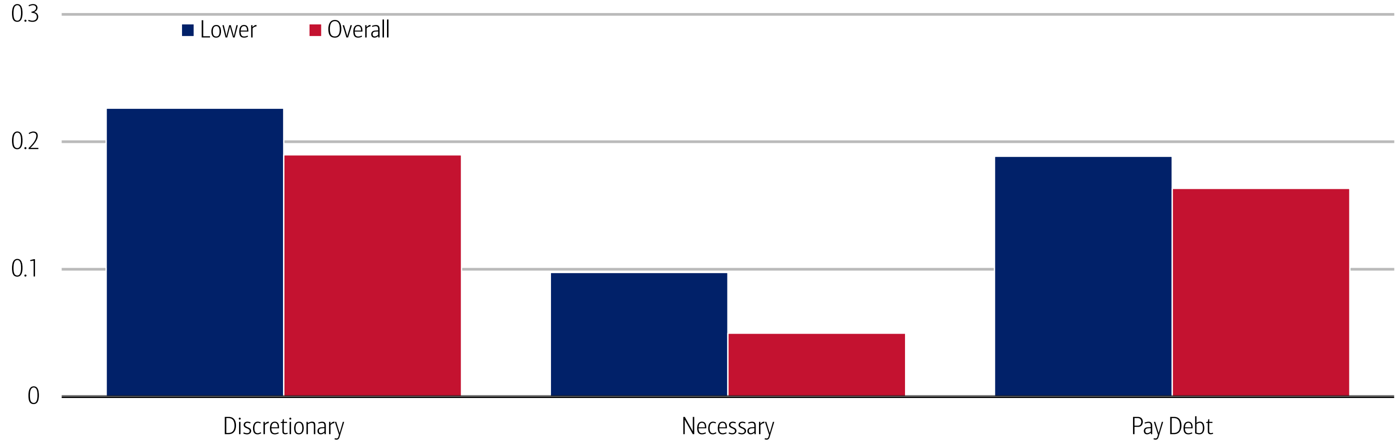
Another important note: despite average refunds rising faster for higher-income households, lower-income households have so far seen stronger boosts in spending across many discretionary categories like electronics, clothing, airlines and cruises so far in 2026 (Exhibit 11). In our view, this is likely due to tax refunds being larger relative to lower-income households' typical spending levels (read more in our publication: Consumer Checkpoint: Sloppy start, solid finish). This could also help explain some of the, likely temporary, narrowing in the overall K-shaped spending growth between higher- and lower-income households.

Exhibit 11: Lower-income households have seen a larger refund-driven spending boost relative to middle- and higher-income households
Spending across all payment channels in the three weeks after receipt of tax refund compared to average of three weeks before for select categories by household income tercile (2026, % change)



Source: Bank of America internal data
Note: includes tax refunds up to February 6, 2026. Debt payments include internal (BAC) and external debt payments.

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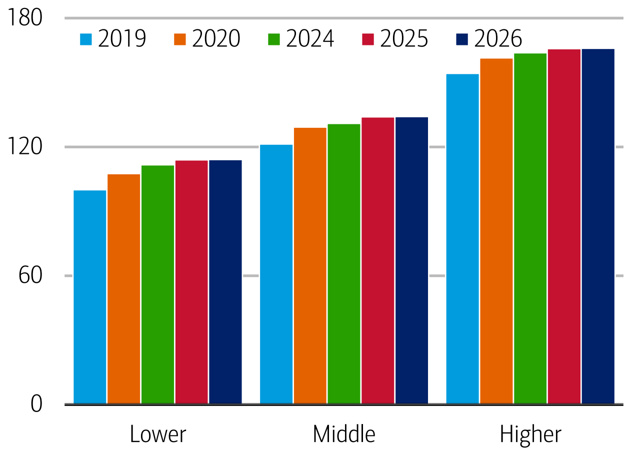
Most consumers are on top of credit card debt, with signs of stress at the margins

Post-refund debt payments have also risen across income cohorts so far, and the fact that that households are prioritizing debt repayment aligns with Bank of America internal data showing that the share of households paying their credit card balance in full each month has increased across all income levels over the past two years and relative to 2019 (Exhibit 12). This suggests to us that consumers generally maintain robust financial health. However, it is notable that the share of consumers making only minimum credit card payments has also been rising over the past two years, though this trend appears to have slowed across income cohorts (Exhibit 13).

Exhibit 12: The share of those who pay off their entire credit card balance every month is above 2019 levels for all income groups
Ratio of households who pay off their entire credit card balance every month to total households in Bank of America credit card data, by household income terciles (yearly average, index lower-income households' 2019 average = 100)



Source: Bank of America internal data
Note: 2026 data reflects January and February

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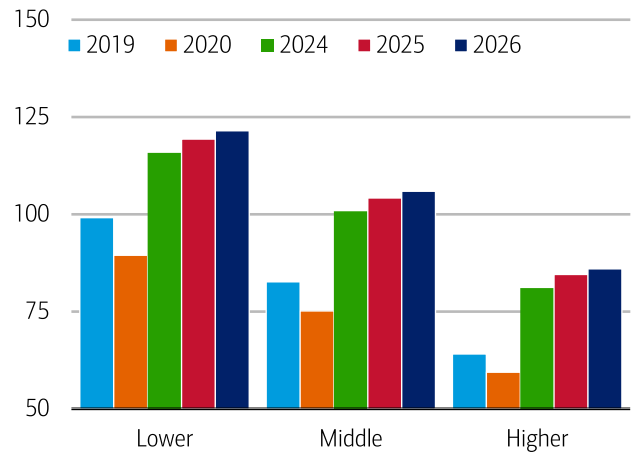
Exhibit 13: The share of minimum credit card payers is increasing in 2026*, albeit at a slower pace than last year
The share of households making minimum credit card debt payments by household income tercile (yearly, index lower-income households' 2019 average = 100)



Source: Bank of America internal data
Note: 2026 data reflects January and February

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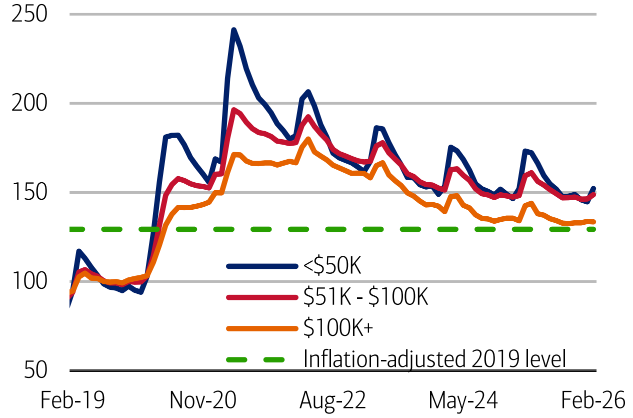
Deposit balances tend to rise over tax refund season

Typically, over the tax filing season, savings and checking balances get a boost as refunds are paid in. In Bank of America deposit data, we can begin to see signs of this in the February data. It also indicates that households across the income spectrum continue to hold large balances in both nominal and inflation-adjusted terms compared to 2019 (Exhibit 14). Notably, consumers making less than $100K a year saw the first YoY increases in their deposit levels in nearly four years, while consumers making over $100K saw only a minor decrease (Exhibit 15).

Exhibit 14: Median checking and savings deposit balances remain above inflation-adjusted 2019 levels

Monthly median household savings and checking balances by income for a fixed group of households through February 2026 (monthly, indexed 2019 = 100)



Source: Bank of America internal data

Note: Monthly data includes those households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through February 2026.

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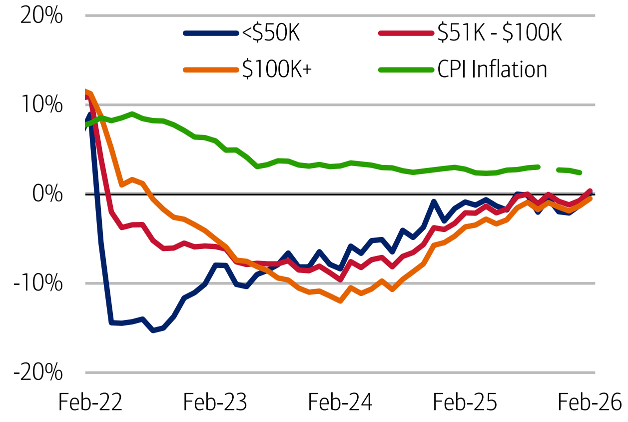
Exhibit 15: Lower- and middle-income households saw YoY increases in deposits

Monthly median household savings and checking balances by income for a fixed group of households through February 2026, based on Bank of America deposit data and Consumer Price Index inflation (CPI), based on latest Bureau of Labor Statistics data (% YoY, monthly)



Source: Bank of America internal data

Note: Monthly data includes those households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through February 2026. CPI inflation is through January.

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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 payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash, and checks.

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 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.

The differences between the total and per household card spending growth rate (if discussed) can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.

2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.

3. Overall total card spending includes small business card spending while per household card spending does not.

4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).

5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household 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. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated 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 are 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.

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, insurance, public transportation, and tax payments. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Discretionary retail includes but is not limited to general merchandise, miscellaneous, clothing, electronics, furniture. It excludes categories like groceries and gasoline. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category. Value and premium grocers are determined judgmentally on a proprietary analysis of merchants by equity analysts.

Durables spending is defined as spending on electronics, building materials, auto and furniture. Premium durables spending is based on a selection of retailers who are judged to sell relatively higher value products. Conversely, value durables spending is based on a selection of retailers who are judged to sell relatively lower value products.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Major grocery categories include sugar and sweets, juices and other non-alcoholic beverages, bakery products, processed fruits and vegetables, fresh fruit and vegetables, coffee and tea, fats and oils, milk, cereal and cereal products, other, cheese, and meats, poultry and fish, Other includes soups, snacks, frozen and freeze-dried prepared foods, and spices, seasonings, and condiments.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

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

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Disclosures