Economy

Consumer Checkpoint: Holiday prep or schlep?

12 November 2025

Key takeaways

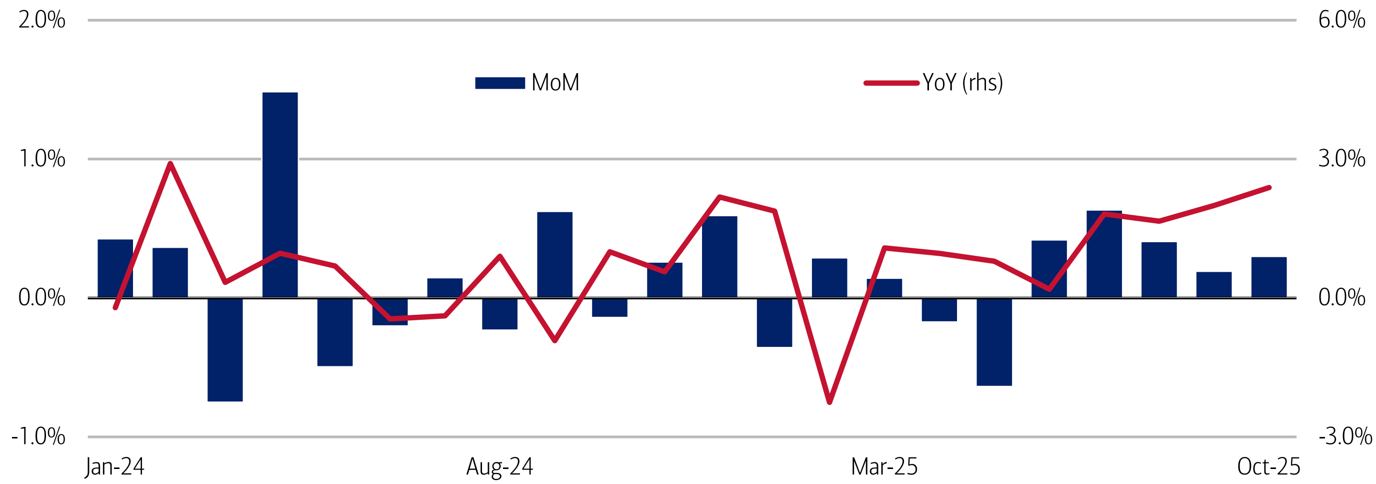
- Total credit and debit card spending per household rose 2.4% year-over-year (YoY) in October - the strongest annual growth since early 2024, according to Bank of America aggregated card data. Seasonally adjusted spending rose 0.3% month-over-month (MoM), the fifth consecutive month of gains, with services contributing the most to monthly spending growth for the second straight month.
- Holiday shopping is up, but consumers may be paying more for less. Spending on holiday items per household surged 5.7% YoY through October, yet Bank of America card data shows retail transaction volumes have slightly declined since January.
- Large gaps continue between both higher- and lower-income households' spending and wage growth. Higher-income households saw 2.7% YoY spending growth in October, lower-income groups lagged at just 0.7%; after-tax wages increased at 3.7% YoY for higher-income households and at 1.0% YoY for lower-income households.
- Across all incomes, households hold more deposits than in 2019, suggesting they are in decent financial shape overall. However, the holiday season will bring some challenges - 62% of respondents to Bank of America's 2025 Holiday Survey reported feeling financial strain.

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.

Fifth consecutive month of consumer spending increases

In October, total credit and debit card spending per household recorded the largest year-over-year (YoY) jump since February 2024, up 2.4% YoY, compared to 2.0% YoY in September, according to Bank of America aggregated card data. Seasonally adjusted (SA) spending growth per household increased 0.3% month-over-month (MoM), continuing a solid run of increases over the past five months (Exhibit 1).

Exhibit 1: Total card spending rose 0.3% MoM in October, following a 0.2% MoM increase in September
Total credit and debit card spending growth per household, based on Bank of America card data (monthly, MoM%, SA) and (monthly, YoY%, non-SA)



Source: Bank of America internal data

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Spending could have been even higher without the government shutdown and Nor'easters

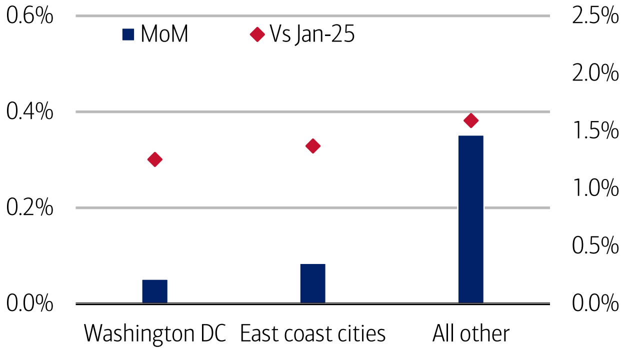
The strength in October spending came despite the potential impact of the government shutdown and some weather events in the Northeast.

The government shutdown would likely impact the Washington, DC metropolitan statistical area (MSA) most, as the federal government accounts for about 19% of all employment in this area. And DC's spending growth did lag the rest of the country, with card spending there growing less than across the rest of the US (Exhibit 2), mostly reflected in weaker discretionary spending (Exhibit 3).

Notably, spending also slowed in other east coast cities. In our view, this was partly due to the two Nor'easters that blew through the region in October, possibly dampening consumer spending as people rode out the storms inside.

Exhibit 2: Consumer spending in Washington, DC grew at a quarter of the rate of the rest of the US

Aggregated credit and debit card spending growth per household for Washington, DC and select eastern cities (October 2025, MoM%, y-axis left-hand side (lhs)) and (October 2025, YTD%, y-axis right-hand side (rhs))



Source: Bank of America internal data. Note: Eastern cities include Boston, NYC, Philadelphia, Charlotte, Atlanta, Baltimore. Other includes all other US spending.

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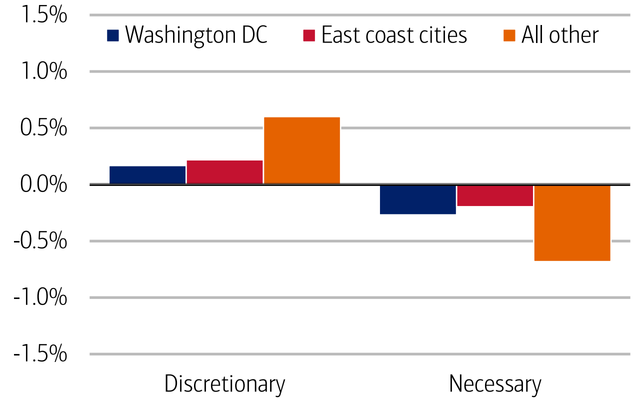
Exhibit 3: Discretionary spending in DC lagged growth from the rest of the US

Credit and debit card spending growth per household for Washington, DC and select eastern cities by select categories (October 2025, MoM%)



Source: Bank of America internal data. Note: Eastern cities include Boston, NYC, Philadelphia, Charlotte, Atlanta, Baltimore. Other includes all other US spending.

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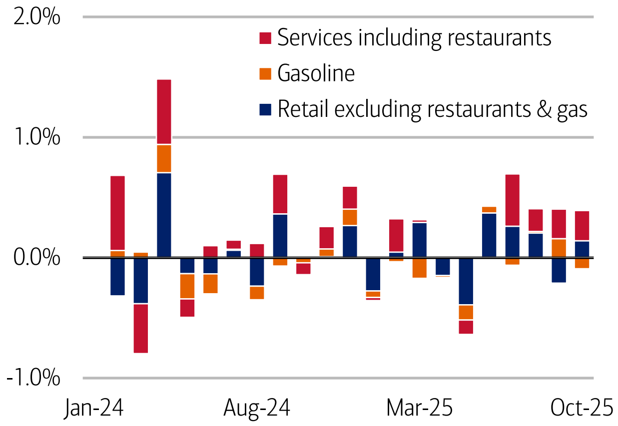
Services spending is driving MoM growth again

Looking across categories, services spending (including restaurants) drove over half of overall spending growth, the largest contributor for the second month in a row (Exhibit 4). Meanwhile, retail (excluding gas and restaurants) spending made up around a quarter of growth. Within services, households increased their spending on lodging MoM while maintaining some spending momentum on restaurants and airlines (Exhibit 5).

Exhibit 4: Services drove MoM overall card spending growth

Contribution to MoM total credit and debit card spending growth by category, based on Bank of America card data (monthly, SA, percentage points (pp))



Source: Bank of America internal data

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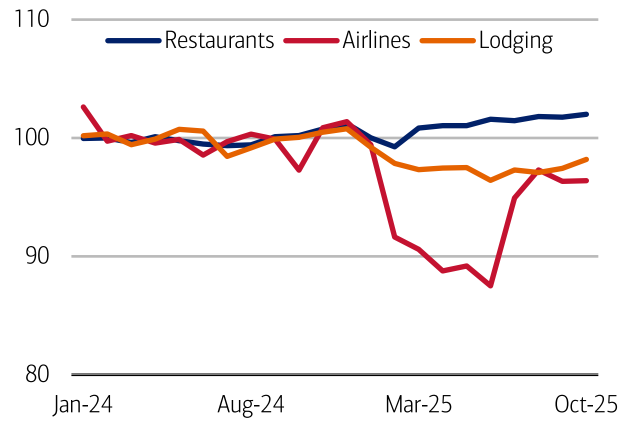
Exhibit 5: Lodging spending rose in October, while restaurant and airline spending was more steady

Credit and debit card spending per household on select categories (monthly, SA, index 2024 average = 100)



Source: Bank of America internal data

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Holiday outlook: Spending more, getting less?

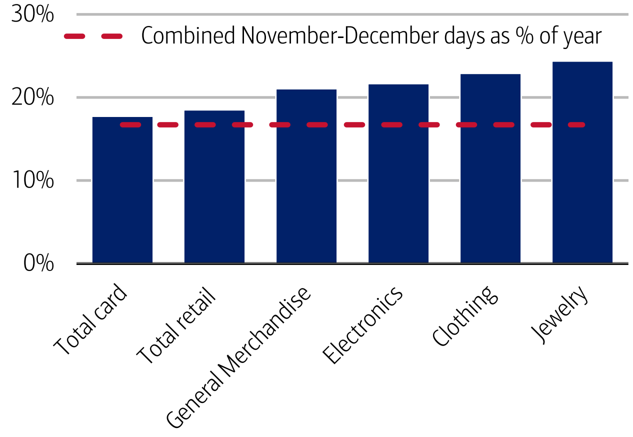
November and December account for an outsized share of retail spending

The holiday season is key for many retailers, as November and December account for an oversized share of total yearly spending. Over 20% of general merchandise, electronics, and clothing-related card spending typically occurs in those two months (Exhibit 6). And they account for nearly a quarter of card spending at jewelry stores.

How will this holiday season stack up? Although it's too early to say for sure, YoY spending growth for "holiday items" has been healthy through the end of October, with average daily spending up nearly 5.7% YoY (Exhibit 7).

Exhibit 6: An outsized share of clothing and jewelry card spending takes place in November and December

Card spending, based on Bank of America card data, during November and December as a share of the total year (2018-2024 average, % share)



Source: Bank of America internal data. Note: Excludes 2020 due to COVID distortions.

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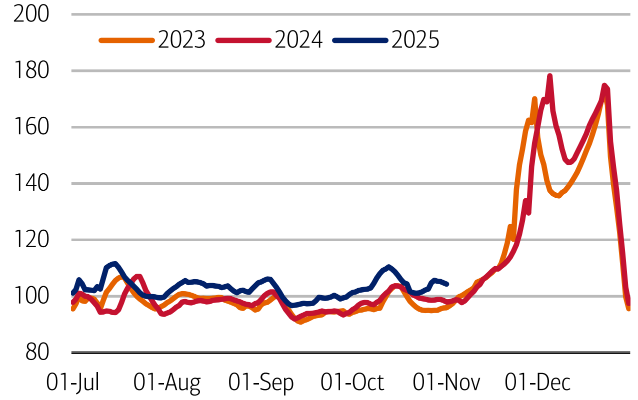
Exhibit 7: So far, 2025 YoY spending growth on holiday items has been healthy from July to October

Card spending per household for holiday items, based on Bank of America card data (7-day moving average (MA), index July 2023 average = 100)



Source: Bank of America internal data. Holiday items include all merchant category codes (MCC) codes for which spending in Nov-Dec is at least 20% of total annual spending in the category.

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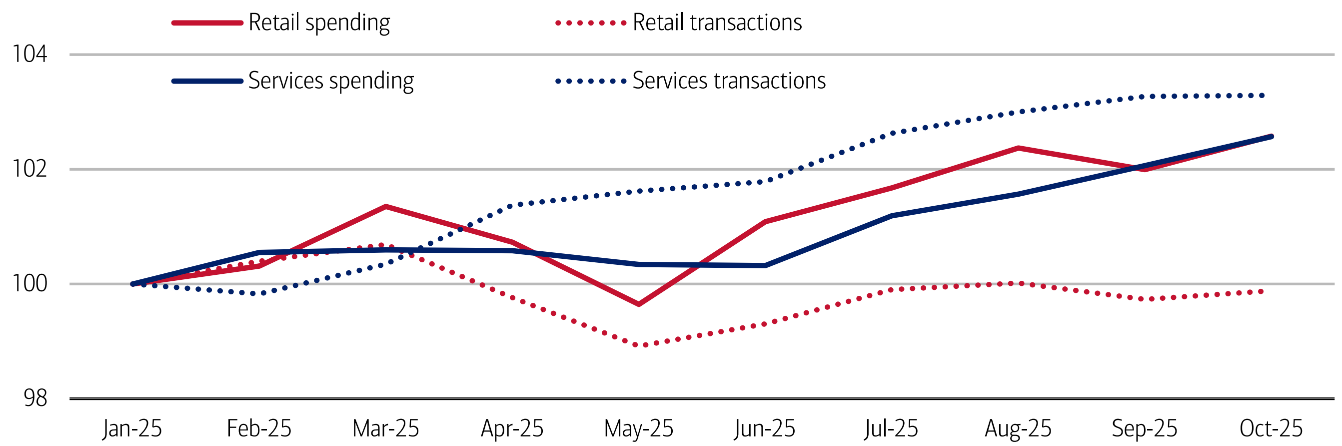
Consumers spending more on retail but getting less, while possibly trading down in services

However, some of the strength in holiday spend – and retail spending more broadly – likely reflects price increases as opposed to growth in the number of consumer purchases. Exhibit 8 shows that while overall retail (excluding food and gas) spending was up 2.0% in October 2025 compared to January, the number of transactions has actually declined since then.

Conversely, in services (including restaurants), spending growth has lagged transaction growth by over a percentage point. In our view, this may partly reflect consumers trading down to lower-ticket services (e.g., fast food instead of full-service dining), possibly to offset rising retail prices.

Exhibit 8: Since January, services transactions have grown faster than services spending, while the reverse is true for retail categories

Credit and debit card spending and transactions per household on select categories (monthly, SA, index January 2025 = 100)



Source: Bank of America internal data

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Some retail price increases are likely from tariffs

Both the average spending amount per transaction on retail (excluding food and gas) in Bank of America internal data and the goods prices (excluding vehicles) in the Bureau of Labor Statistics' (BLS) Consumer Price Index (CPI) inflation measure (Exhibit 9) show a rise since January.

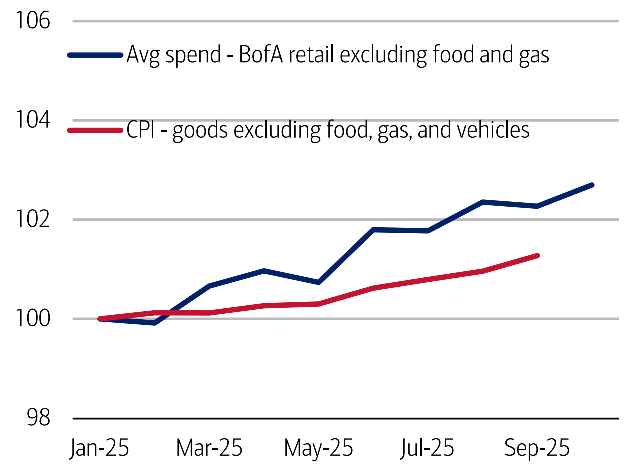
While this could reflect a variety of factors, we note increases in spending per transaction in categories that are likely to have been particularly impacted by tariffs.

For example, after "Liberation Day" in early April, average spending per transaction on electronics grew significantly, jumping nearly 7.5% in a month, likely in part reflecting electronic stores increasing prices, as well as consumers "buying ahead" for larger tech items (Exhibit 10). And in mid-April, when several tariff exceptions were granted for the electronics category (notably personal computers and smartphones), the average spending amount per transaction declined nearly nine percentage points.

Jewelry spending also reveals a tariff impact: when additional tariffs were announced in August, average spending per transaction growth increased nearly four percentage points in September from the month before.

Exhibit 9: Bank of America average transaction growth is similar to inflation growth

Average transaction amount for retail excluding food and gas, based on Bank of America card data, and BLS CPI inflation growth for goods excluding food, gas, and vehicles (monthly, index January 2025 average = 100)



Source: Bank of America internal data

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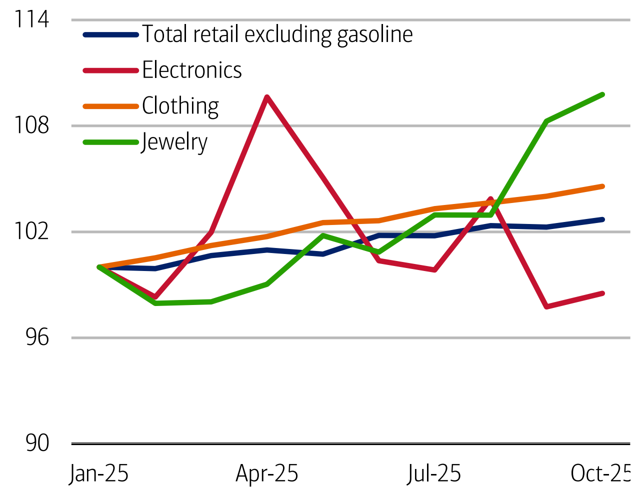
Exhibit 10: Average spending per transaction growth follows similar pattern to tariff schedules

Growth in the average spending amount per transaction, based on Bank of America card data (monthly, index January 2025 = 100)



Source: Bank of America internal data

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Products in these categories are often purchased around the holidays, which could help explain why 62% of shoppers surveyed reported they were feeling financial strain in Bank of America's 2025 Holiday Spending Survey. Some 87% of those under strain plan to shop at discount stores to counteract rising prices.

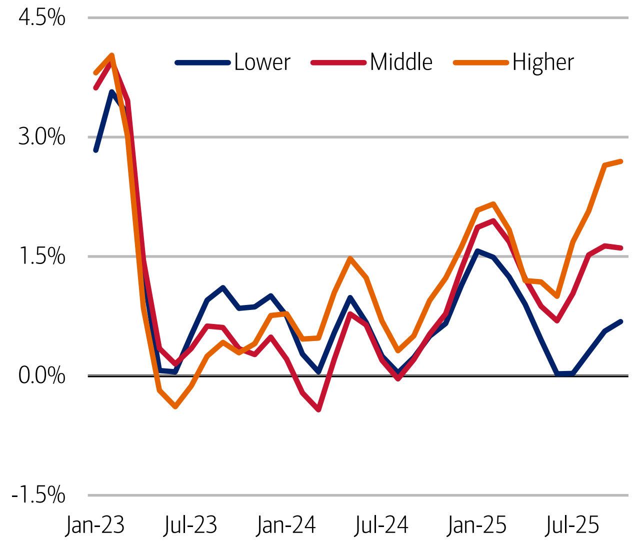
Spending and wage divergences persist across income groups

Higher-income households' spending growth continues to outpace lower-income peers

While tariffs are likely a key contributor to rising average transaction sizes, another explanation may be the relative strength of spending growth by higher-income households, who typically spend more per retail visit.

In October, higher-income households' spending ticked up slightly to 2.7% YoY (Exhibit 11), while spending growth for middle- and lower-income households was up 1.6% and 0.7% YoY, respectively. An important driver of this differential is wage and salary growth, where Bank of America data shows a clear gap between higher-income households and middle- and lower-income groups. In October, the after-tax wage growth for higher-income households decelerated to 3.7% YoY but was still above middle- and lower-income households with increases of 2% and 1% YoY, respectively. While higher-income wage growth remains near recent highs, middle- and lower-income growth has generally trended lower through 2025 so far (Exhibit 12).

Exhibit 11: Lower-income households' spending growth was 0.7% YoY in October, compared to 2.7% YoY for higher-income peers
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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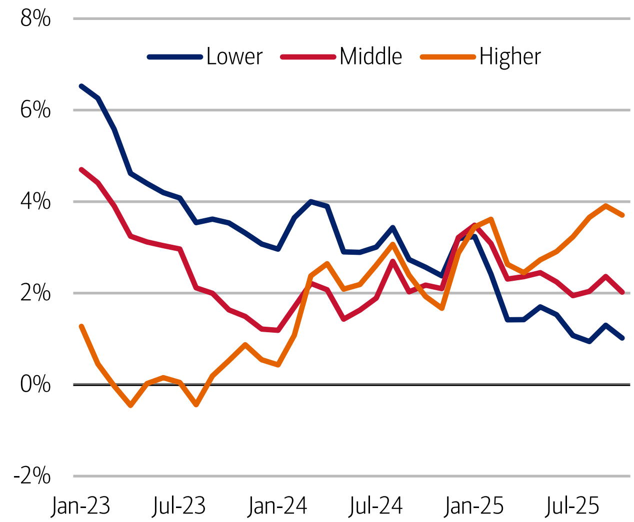
Exhibit 12: In October, higher-income household wage growth eased to 3.7% YoY, while for lower-income households it ticked down to 1%
After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit data (3-month moving average, YoY%, SA)



Source: Bank of America internal data

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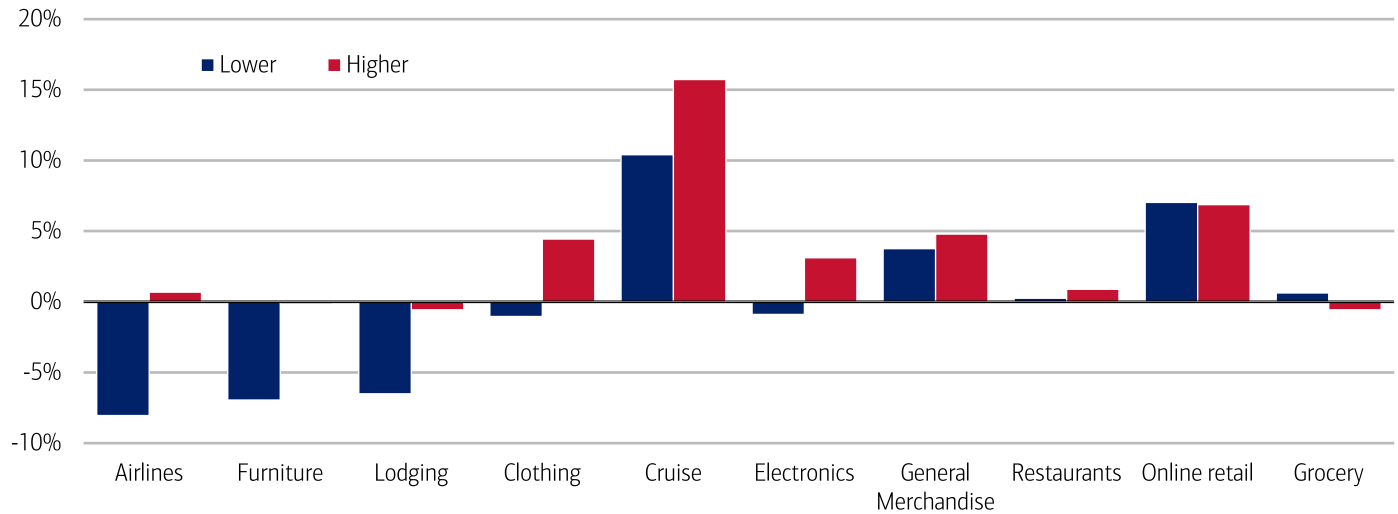
Airlines, furniture, and lodging show the starkest spending differences

Where is the gap between higher- and lower-income spending growth per household largest? It appears most evident in "bigger ticket" discretionary categories like travel, furniture, electronics and lodging (Exhibit 13). Clothing also stands out, with lower-income households' spending falling but higher-income households' rising, which could indicate lower-income households are cutting back or trading down in this area.

Notably, the income spending gap is narrow for online retail and general merchandise, possibly as consumers across the spectrum look to big box stores and online shopping for deals and discounts. And, interestingly, for both income groups, cruise spending per household remains solid, reflecting the continued popularity of this type of vacation (read more in Vacation Nation).

Exhibit 13: The most prominent gaps in spending growth between higher- and lower-income households were within airlines, furniture and lodging
Spending growth per household by category by income (YoY%, 28-day moving average to October 31st)



Source: Bank of America internal data

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Rising debt could weigh on some lower-income households

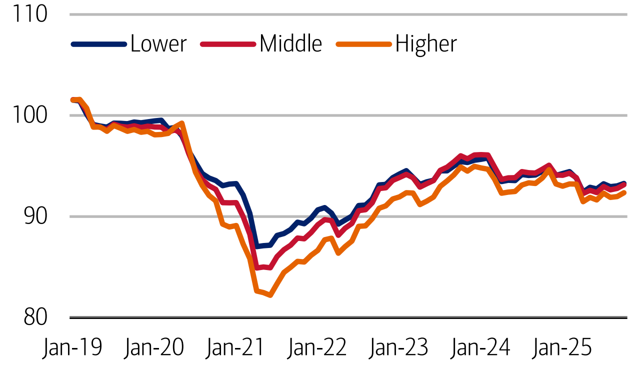
Overall, consumers appear to be in good financial health…

Still, across income cohorts, credit card "borrowing capacity" looks relatively solid. In particular, the share of households who carry a credit card balance from one month to the next ("revolvers") is lower than in 2019 across all income cohorts (Exhibit 14).

While the median credit card utilization rate for those lower-income households that do carry a balance across months has risen faster than that of middle- and higher-income households since 2019 (Exhibit 15), it has been fairly flat for the past year and a half. We have also previously found that monthly credit card balances are not high as a percentage of after-tax wages and salaries, especially compared to 2019 (read more in August's Consumer Checkpoint).

Exhibit 14: The share of those who carry credit card balances is below 2019 and 2024 levels for all income groups

Ratio of households with a revolving balance to total households in Bank of America credit card data, by household income terciles (monthly, index 2019 average = 100)



Source: Bank of America internal data

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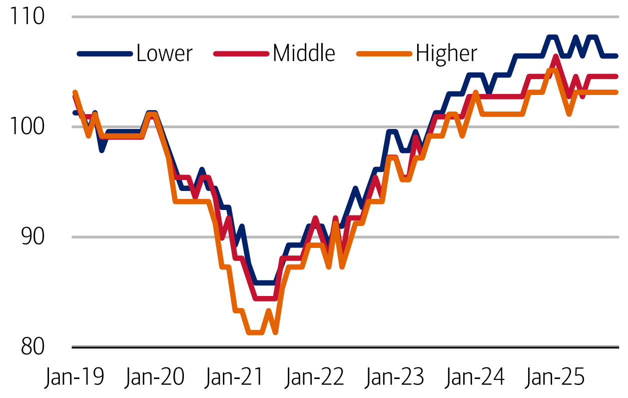
Exhibit 15: Lower-income households have seen a larger increase in credit card usage rates compared to 2019 levels

Median credit card utilization rate for households with a revolving balance by household income (monthly, index 2019 average = 100)



Source: Bank of America internal data

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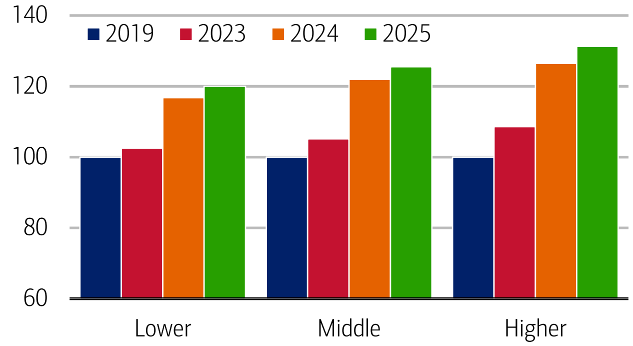
…but there are some signs of stress at the margins

Still, there has been some rise in the proportion of consumers making only minimum credit card payments across income cohorts, though the rate of increase appears to have slowed in 2025 compared to last year (Exhibit 16). And we have also found there is a rise in lower-income households who appear to be living "paycheck to paycheck" (read publication: Paycheck to paycheck: Slowing but growing) implying their monthly necessities spending is close to their income. These observations suggest some people in the tails of the distribution are under more pressure.

But there are relatively few signs of households borrowing against longer-term savings: Bank of America's 2025 Q3 Participant Pulse found that the share of 401(K) participants taking a hardship distribution increased in the third quarter of this year (Exhibit 17). But the increase was small at nine basis points (0.09%) and the share of those with a hardship distribution remains low, at 0.79%.

Exhibit 16: The share of minimum credit card payors is increasing in 2025, albeit at a slower pace than last year

The share of households making minimum credit card debt payments (yearly, index 2019 = 100)



Source: Bank of America internal data. Note: 2025 is through October.

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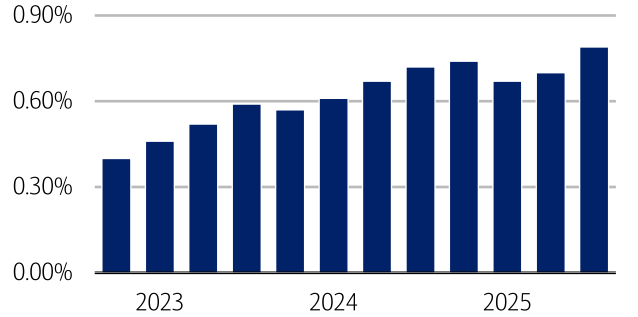
Exhibit 17: The share of 401(K) participants taking a hardship distribution rose slightly in Q2 2025

Proportion of total 401(k) participants taking a hardship distribution (quarterly, %)



Source: Bank of America internal data.
Note: Chart starts in the fourth quarter of 2022.

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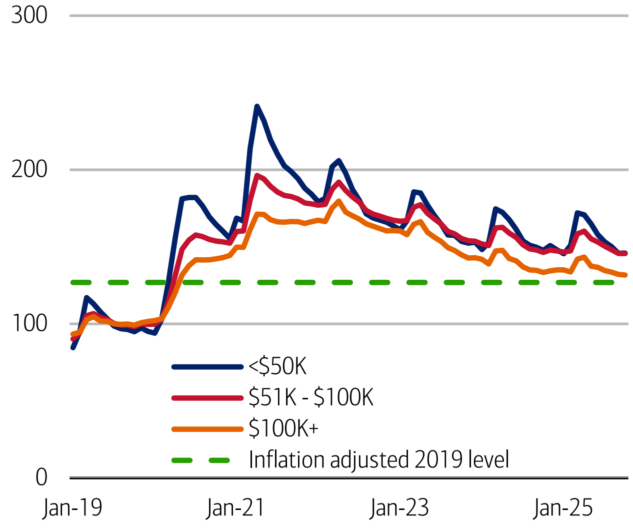
So, how much is left in the tank?

Despite a few signs of stretched finances as we head into the holidays, consumers' overall financial health looks sound. Bank of America deposit data also shows that households across the income spectrum continue to hold more in both nominal and inflation-adjusted terms than in 2019 (Exhibit 18). And across all households, including lower-income ones, the rate of decline of deposits has flattened, suggesting to us that most consumers are not drawing down a significant portion of their savings (Exhibit 19).

Exhibit 18: 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 October 2025 (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 October 2025

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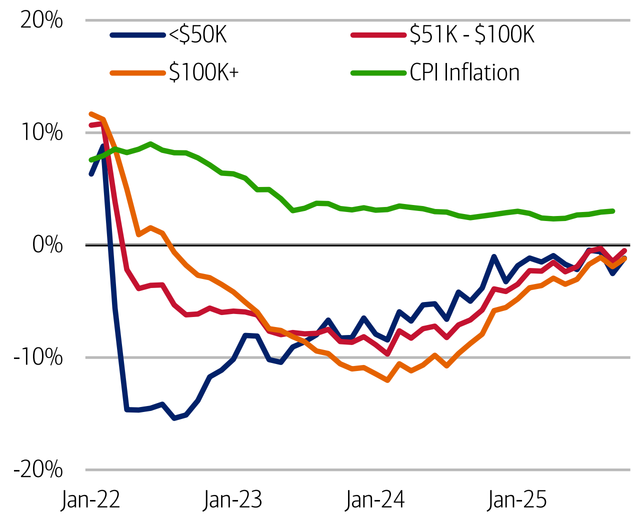
Exhibit 19: The rate of decline of deposit balances has flattened

Monthly median household savings and checking balances by income for a fixed group of households through October 2025, based on Bank of America deposit data and Consumer Price Index inflation (CPI), based on 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 October 2025. CPI inflation is through September.

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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. 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.

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.

The Bank of America 2024 Holiday Survey was conducted online between August 21, 2025 and September 1, 2025. The survey consisted of 2,010 respondents throughout the U.S. 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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