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Economy

# Consumer Checkpoint: Early wrinkles for younger spenders

09 September 2025

## Key takeaways

- Total credit and debit card spending per household increased 1.7% year-over-year (YoY) in August, after a gain of 1.8% YoY in July, according to Bank of America aggregated card data. Seasonally adjusted spending per household rose 0.4% month-over-month (MoM), the third increase in a row.
- We continue to see stark differences in income and spending growth across income cohorts, with the divergence in after-tax wage and salary growth widening again in August. Spending growth is weakest amongst younger generations and Gen X. The weakening labor market appears to be impacting younger people, particularly because changing jobs no longer results in as big of a pay bump.
- Some relief for the younger generations could come from easing housing costs. Our measure of new rent payments suggests they are dropping back, perhaps as households trade down. If sustained, this may help narrow the gap between the stronger spending growth of homeowners versus renters.

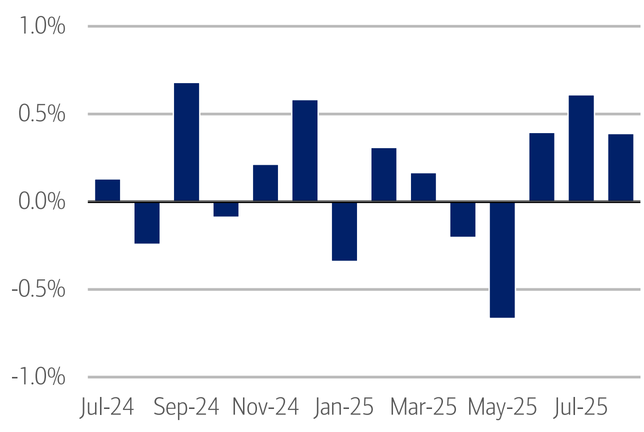
*Consumer Checkpoint is a regular publication from Bank of America Institute. It aims to provide a holistic and real-time estimate of US consumers' spending and their financial well-being, leveraging the depth and breadth of Bank of America proprietary data. Such data is not intended to be reflective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

## Card spending rose again in August

Total credit and debit card spending per household increased 1.7% year-over-year (YoY) in August, compared to 1.8% YoY in July, according to Bank of America aggregated card data. Seasonally adjusted (SA) spending growth per household rose 0.4% month-over-month (MoM), the third monthly gain in a row (Exhibit 1).

**Exhibit 1: Total card spending rose 0.4% MoM in August, following rises of 0.6% MoM in July and 0.4% MoM in June**

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




**Source:** Bank of America internal data

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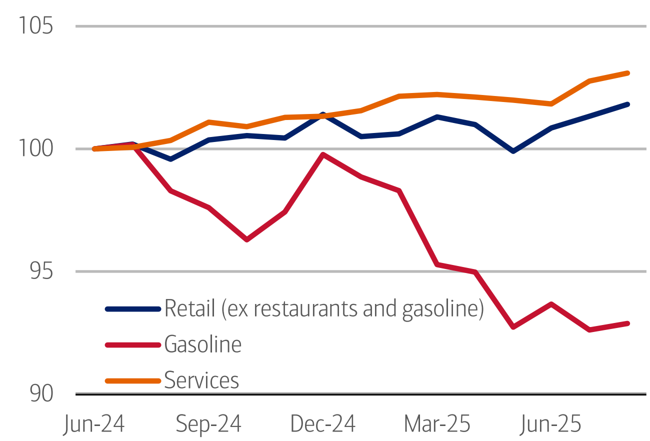
**Exhibit 2: Retail spending rose 0.5% MoM in August, while services spending rose 0.3% MoM**

Spending by category, based on Bank of America card data (monthly, index June 2024 = 100, SA)




**Source:** Bank of America internal data

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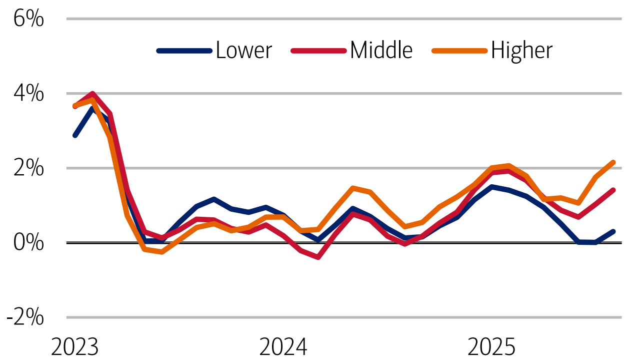
Looking at the breakdown, the rise in August reflected a 0.5% MoM increase in retail spending (excluding restaurants and gasoline), while services spending rose 0.3% MoM, both accelerating from the prior month (Exhibit 2). Within services, households increased their spending at restaurants and bars as well as airlines. Households also shelled out more in retail categories including electronics, furniture, clothing, and general merchandise. Meanwhile, grocery spending was flat on the month.

By income category, we continue to see considerably weaker spending among lower-income households (Exhibit 3). In August, YoY spending growth for this cohort rose just 0.3%. By contrast, the gain was 2.2% YoY for higher-income households. These divergences are also reflected in Bank of America deposit data on after-tax wage and salary growth. In August, after-tax wage and salary growth slipped to 0.9% YoY for lower-income households, the smallest gain since the start of the series in 2016, but rose to 3.6% YoY for higher-income households, the most since November 2021 (Exhibit 4).

**Exhibit 3: Lower-income households' spending growth was 0.3% YoY in August, compared to 2.2% YoY for 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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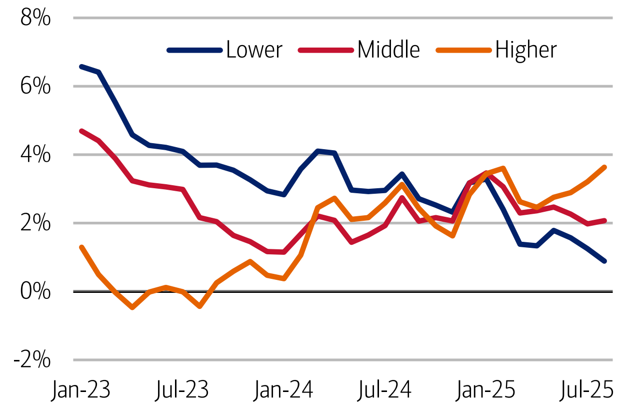
**Exhibit 4: In August higher-income wage growth rose to 3.6% YoY, while it moderated to 0.9% YoY for lower-income households**

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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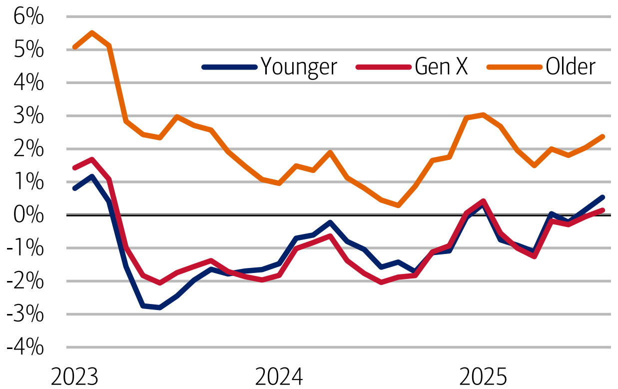
## Younger shoppers are slowing their spending

Generationally, spending growth continues to look relatively weak among younger consumers, though there are signs they are beginning to open their purse strings (Exhibit 5). In fact, Bank of America credit and debit card spending data shows that spending among Gen Z and Millennial households rose 0.5% YoY in August, compared to 2.4% YoY for Baby Boomers and Traditionalists. But Gen X's spending growth per household was also weak, gaining 0.1% YoY, significantly below that of Baby Boomers and Traditionalists, and even a little softer than younger generations.

**Exhibit 5: Gen X spending growth has fallen below that of younger generations throughout 2025**

Total credit and debit card spending per household, based on Bank of America data, by generation (three-month moving average, % YoY)




**Source:** Bank of America internal data

Note: Younger: Gen Z and Millennials; Older: Baby Boomers and Traditionalists. Analysis excludes multi-generational households.

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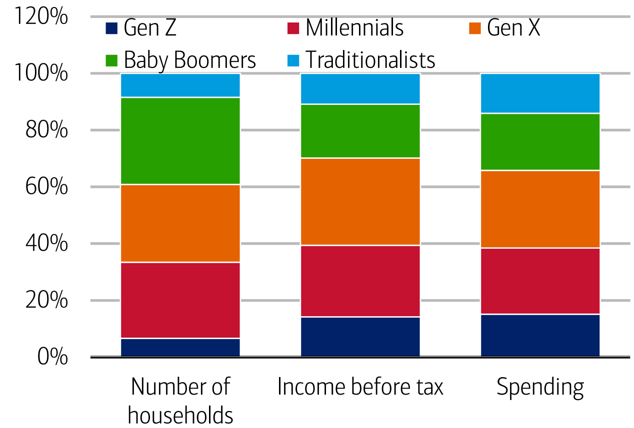
**Exhibit 6: Gen X was the highest spending generation in 2023, reflecting its higher before-tax income**

Household shares by generation in numbers of households, total income before tax and total consumer spending (2023, % share)




**Source:** Bureau of Labor Statistics Consumer Expenditure Survey

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It's important to note why Gen X matters when it comes to consumer spending and the broader economy. Despite Baby Boomers comprising the greatest share of households, Gen X drove the largest share of overall spending at 27% in 2023, according to the Bureau of Labor Statistics (BLS), followed by Millennials at 23% (Exhibit 6). Gen X also accounted for the highest share of income among generations, as they tend to be in their peak earning years. But this generation also faces a convergence of expenses as the "sandwich generation." These outlays include childcare, mortgages and the potential costs involved in looking after older relatives (read more on this in September 2024's Gen X: The economy's struggling middle child).

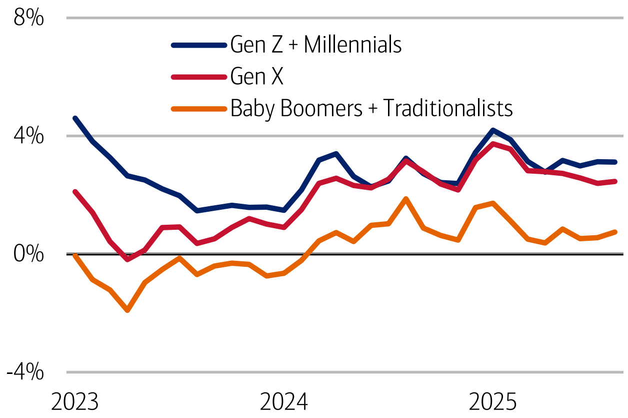
### Gen X's cooling wage growth could signal a softening for younger workers too

One additional reason for Gen X's muted card spending growth could be that their wage growth has moderated the most among all age groups. According to Bank of America deposit account data, Gen X's after-tax wage and salary growth has decelerated since the start of the year, though it rose 2.5% YoY in August (Exhibit 7).

However, in our view, cooling wage growth may also start impacting younger generations. In fact, we have found that fewer people are switching jobs largely because doing so no longer results in a big pay increase (read more on this in August's publication Job hoppers hit pause). And of those who are changing jobs, younger generations' wage growth has cooled significantly over the past three months compared to the previous year, down 6% (Exhibit 8).

**Exhibit 7: Gen X wage growth has slipped in 2025**

After-tax wage and salary growth by household generation, 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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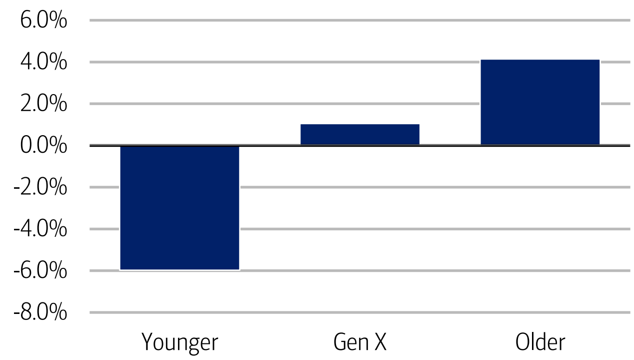
**Exhibit 8: Compared to the previous 12-month average, average wage growth for job changers has cooled, particularly for younger generations**

Wage growth (YoY) for job changers by generation (percentage point difference in 12-month average to August 2025 and 3-month average to August 2025)




**Source:** Bank of America internal data

Note: Younger: Gen Z and Millennials; Older: Baby Boomers/Traditionalists

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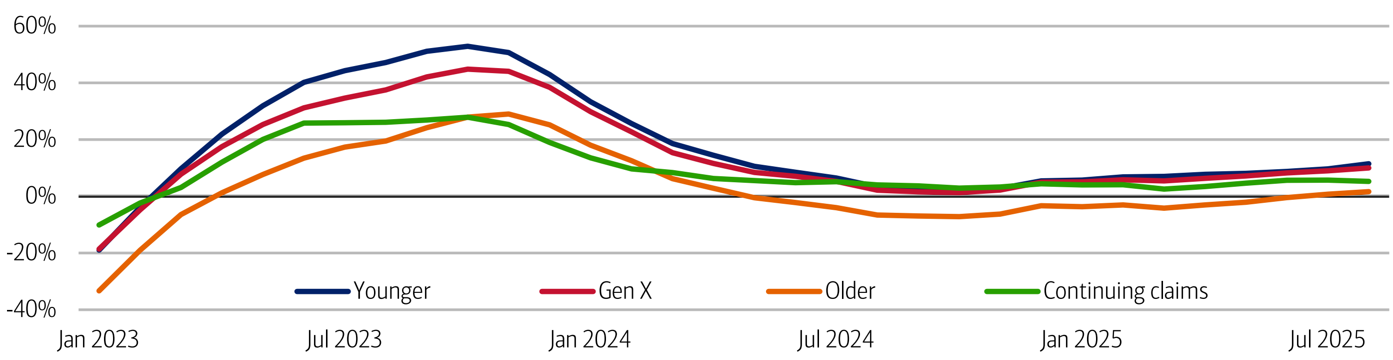
This underscores the nuances in the job market across generations, particularly for new entrants, such as those graduating or returning to the labor market, who tend to be younger. In fact, according to Bank of America deposit data, the number of households receiving unemployment payments are rising fastest among Gen Z and Millennials, closely followed by Gen X (Exhibit 9). On the other hand, the labor market for older workers looks to be in better shape.

**Exhibit 9: In August, unemployment payment growth in younger generations was 11% YoY**

Number of households receiving unemployment payments by generation (three-month moving average, YoY%, not seasonally adjusted (NSA))




**Source:** Bank of America internal data, Haver analytics

Note: Younger: Gen Z and Millennials; Older: Baby Boomers/Traditionalists

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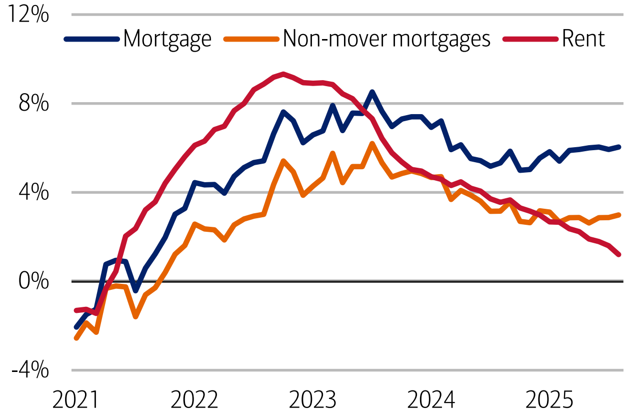
## Younger and older households face diverging housing costs

A big theme on the economic front for the last several years has been the rising cost of housing – the most significant expense for most households. The good news is that these costs are exerting less financial pressure than they were in 2023 and 2024. But there's a caveat: this easing appears to have stopped for some homeowners.

Looking at Bank of America internal deposits data we see that mortgage payment growth for households who didn't move rose around 3% YoY in August (Exhibit 10). The gain most likely reflects the rise in "hidden housing costs" such as insurance and local taxes, which are often bundled into monthly payments. That increase was far bigger – closer to 6% YoY – for those who bought a new home in the last year as they likely had to take out larger loans given the sharp rise in house prices and mortgage rates.

**Exhibit 10: Rent payment growth continues to decline, with payments growth dropping to around 1% YoY in August**
Monthly median mortgage payment and rent growth (three-month moving average, %)




**Source:** Bank of America internal data

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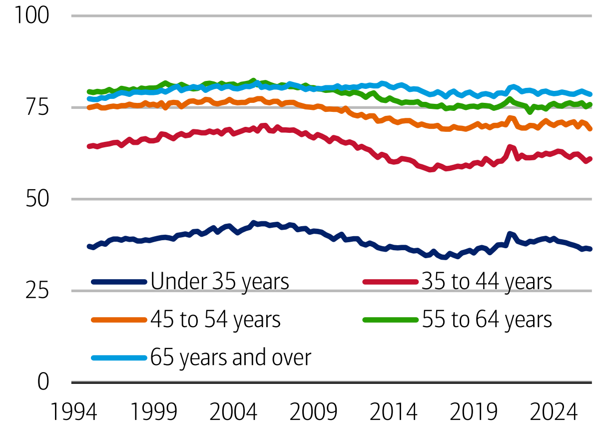
**Exhibit 11: The homeownership rate for those under 35 is significantly lower than older age groups**
Homeownership rates by age ranges (%)




**Source:** US Census Bureau

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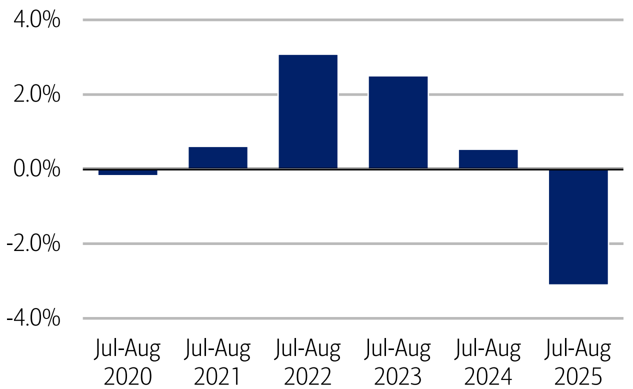
Rising mortgage payments likely impact older Millennials and Gen X the most. Baby Boomer and Traditionalist households are more likely to have substantially paid off their loans or to have "downsized," while the homeownership rate for those under 35 years old is significantly lower than for those who are older (Exhibit 11).

Younger generations, particularly Gen Z and younger Millennials are therefore more likely to be renters than homeowners. Here there is some better news: Bank of America internal data suggests rent payment growth continues to ease. And when we focus on "new rents" by comparing the average rent payments before and after an observed move (see Methodology for details) within the same metropolitan statistical area (MSA), we find signs that rents are dropping back from the previous year, possibly as people downsize or move to a more affordable neighborhood (Exhibit 12).

**Exhibit 12: Average new rents appear to be softening**
Average rent in the period after a move in April, May, or June of 2025 compared to the average rent before (two-month moving average, %)




**Source:** Bank of America internal data

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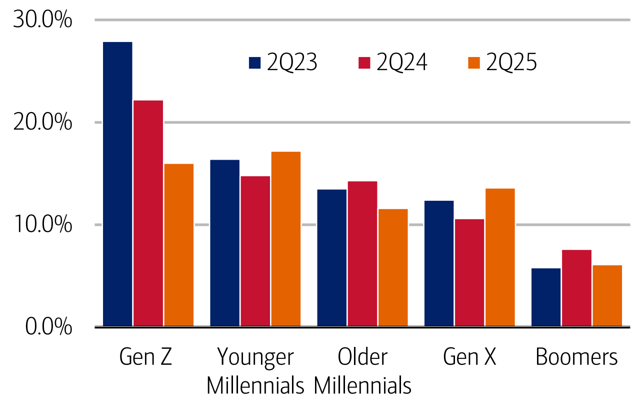
**Exhibit 13: Fewer Gen Z expect to move in the next 12 months**
% of respondents by generation expecting to move to new house in next 12 months




**Source:** Bank of America Proprietary Insights Study

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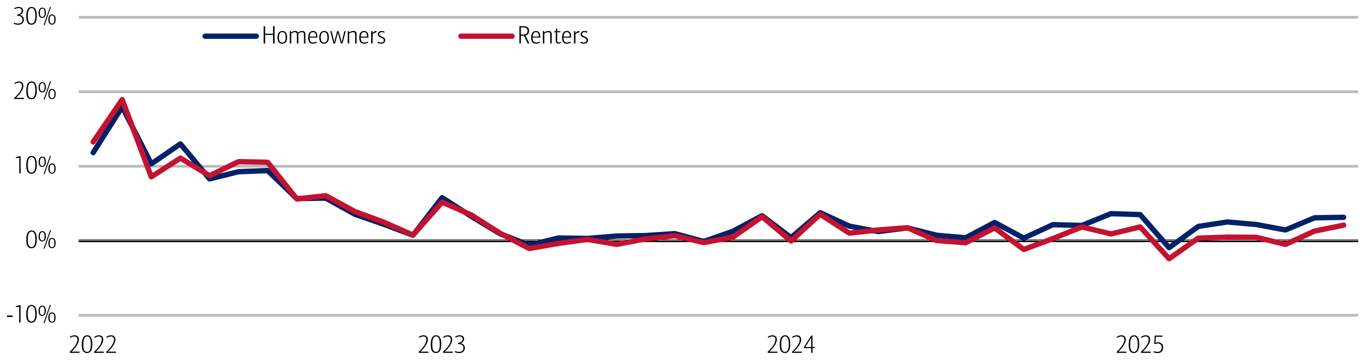
These weaker rent dynamics may help support spending among younger generations going forward, even as their wage growth softens. Though one caution we note is that according to the 2025 Q2 Bank of America Proprietary Market Landscape Insights Study ('Insights Study') the proportion of Gen Z respondents expecting to move over the next 12 months has dropped back significantly from 2Q23 and 2Q24 levels (Exhibit 13).

When we examine Bank of America credit and debit card spending and split it by homeowners and renters, we see some early signs of this rent relief coming through. In fact, we see the gap between homeowner and renter spending growth narrowing in August (Exhibit 14), though it will take more time to determine if this is a broader trend.

**Exhibit 14: In August, the gap in spending growth between homeowners and renters narrowed**
Total card spending per household excluding rent, of homeowners and renters (monthly, %YoY)




**Source:** Bank of America internal data

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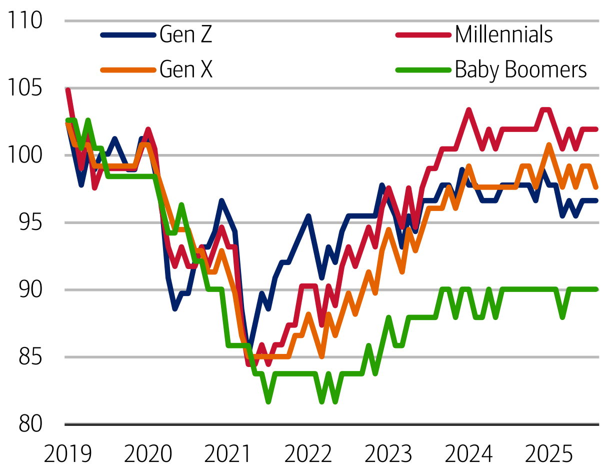
## Financial picture still solid

Given the slower labor market and other cost pressures, how are people, regardless of generation, faring financially? We believe they are in fairly good shape. Exhibit 15 shows there has been little change in credit card usage among those Bank of America consumers with a revolving credit card balance. While over the last several years Millennials have increased credit card utilization above 2019 levels, that has largely stabilized over the last year and a half. Other generations continue to show utilization below 2019 levels, however, with no obvious upward trends.

Furthermore, the median deposit level of all generations also remains high compared to 2019 levels in Bank of America internal data. So, this would suggest to us that households do not appear to be running down their savings. For now, the recent slowdown in the labor market is not obviously being reflected in households' overall finances.

**Exhibit 15: There has been little change in credit card utilization rates by generation over 2024 and 2025 so far**
Median credit card utilization rate for households with a revolving balance by generation (monthly, index 2019 average = 100)




**Source:** Bank of America internal data

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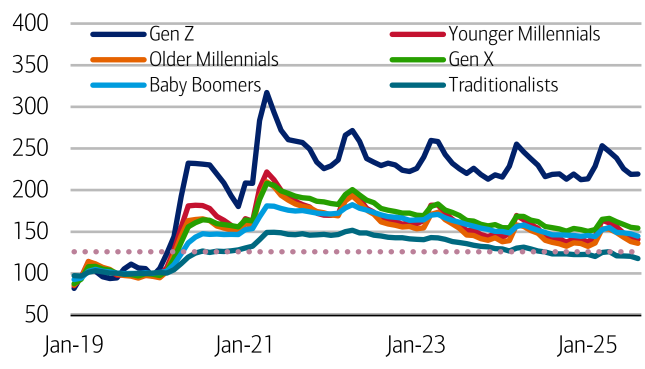
**Exhibit 16: Except for Traditionalists, median deposits levels remain significantly elevated compared to inflation**
Monthly median household savings and checking balances by generation for a fixed group of households through August 2025 (monthly, indexed 2019 = 100)




**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 August 2025. Dotted line represents 2019 level adjusted for CPI inflation through July 2025.

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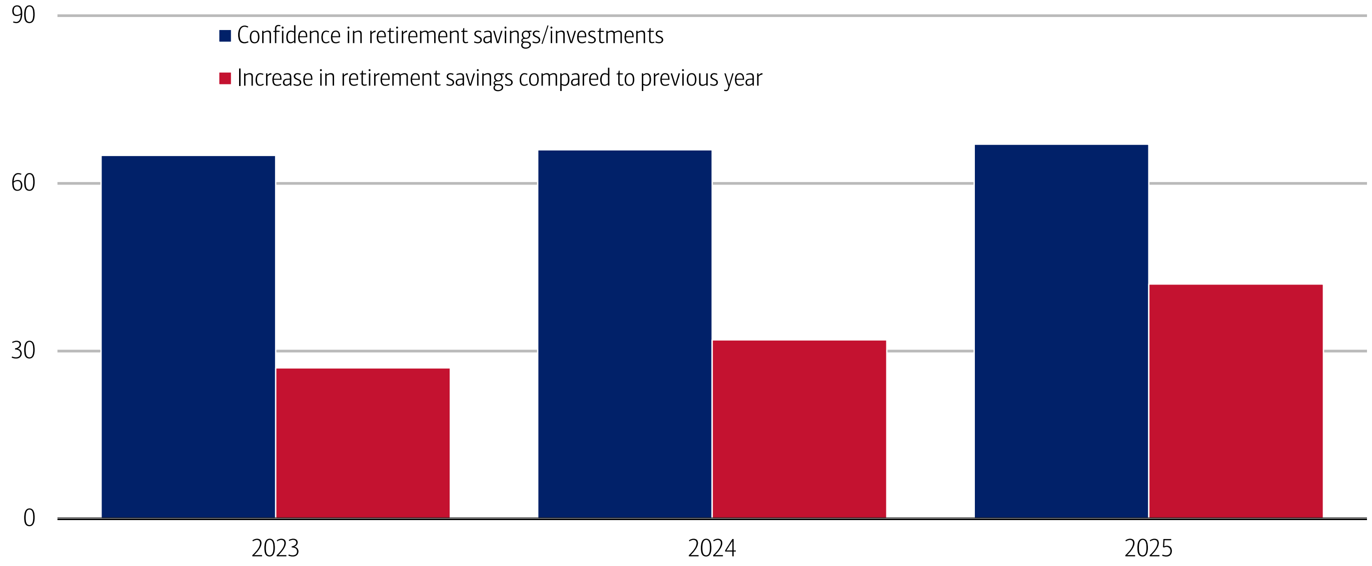
There's also some evidence that people are feeling optimistic about another area of their finances: their retirement nest egg. Thinking about longer-term retirement savings, the 2025 Bank of America Workplace Benefits Report found that more respondents feel confident they are on track to meet their retirement goals (Exhibit 17), and 42% saw their savings rise in 2024. The report also found, however, that Gen X is the least confident generation, and women feel less confident than men that they are on track for the retirement lifestyle they want.

**Exhibit 17: Around two-thirds of respondents to the 2025 Bank of America Workplace Benefits Report said they had confidence in meeting their retirement goals**

% responding to questions on confidence in retirement savings and whether they have seen a rise in retirement savings compared to the previous year (%)




**Source:** Bank of America 2025 Workplace Benefits Report

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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.

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.

Bank of America Proprietary Market Landscape Insights Study is an online, quarterly quantitative survey among Bank of America customers and noncustomers sampled and balanced to provide a representative view of the U.S. adult population. Insights are based on aggregated and anonymized responses to surveys. Significance testing is done at the 90 percent confidence interval with a sample of over 1,792 respondents.

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

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