

Economy

Where are women positioned in a “K-shaped” economy?

03 March 2026

Key takeaways

- Women drove much of the labor force expansion in 2025, as hiring persisted in female-dominated sectors like private education and healthcare. This places women at the center of current labor market strength.
- The slowdown in job switching has sharply reduced the ability of workers to secure higher wages, according to Bank of America deposit account data. In January, the pay increase from a job-to-job change rate was less than half the 2019 average, and, while there is evidence of the gender pay gap narrowing, it's in part because overall wage momentum has weakened.
- As affordability pressures rise and income growth moderates, women are leaning more heavily toward "value" spending. Women's shift toward value has been strongest in apparel, reflecting how labor market pressures are spilling into household budgets.

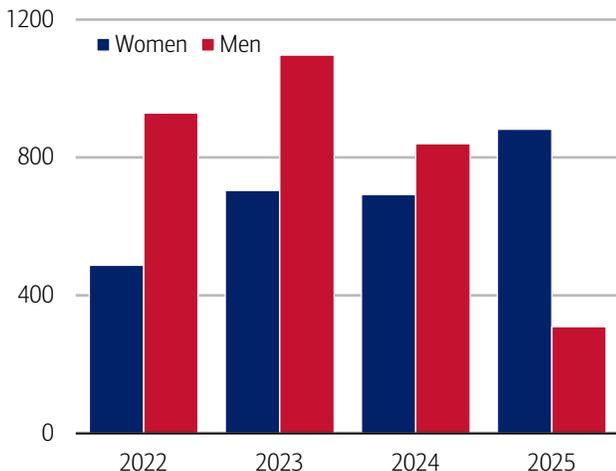
Job gains are concentrated in female-dominated sectors

Women are once again supporting labor market fundamentals. In 2025, the number of jobs added from women was nearly three times the rate of men, according to data from the Bureau of Labor Statistics (BLS) (Exhibit 1). This reversed a trend from over the past three years. In fact, from January 2025 to January 2026, women saw gains in all industries but one where they comprise more than 50% of employment (the exception was financial).

What’s driving this? Notably, big gains in private education and healthcare employment (Exhibit 2), a sector in which women comprise 77% of employment as a share of all jobs. In fact, job growth in health care averaged 33,000 per month in 2025 – more than double that of overall payrolls, according to the BLS.

Exhibit 1: For the first time in three years, women joined the labor market in 2025 at nearly three times the rate of men

Civilian labor force aged 16-64 number of jobs added from January-December by sex (thousands, seasonally adjusted, annual)

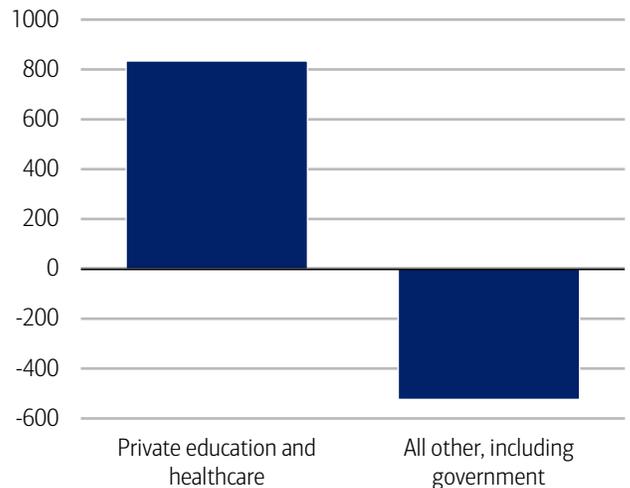


Source: Haver Analytics

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Exhibit 2: Private education and healthcare have contributed to the strongest job gains for more than the past year

Change in employment by sector from January 2025-January 2026 (seasonally adjusted, thousands)



Source: Haver Analytics

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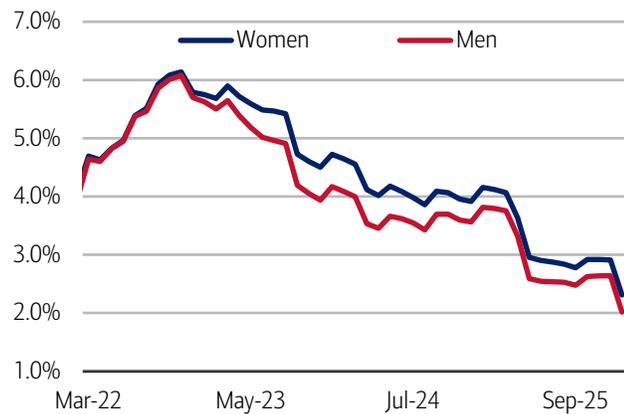
A narrowing in the gender pay gap: A double-edged sword

An increasingly important lens on today's cooling labor market is how pay growth is evolving. For both men and women, the rate of after-tax pay increases – whether tied to staying in a job or switching roles – has moderated meaningfully compared to last year (Exhibit 3).

So too has the rate at which people are changing jobs (read more on this in [August's publication on Job hoppers](#)). But there have been small signs of reacceleration in the labor market as of late, and, in January, the job change rates (see Methodology) for both men and women were above the 2025 average and in line with the 2022 average, supporting evidence of possible renewed momentum (Exhibit 4).

Exhibit 3: For both women and men, rate of pay increases have moderated in the past two months after holding steady in the second half of 2025

After-tax pay change by gender (monthly, three-month moving average, %)

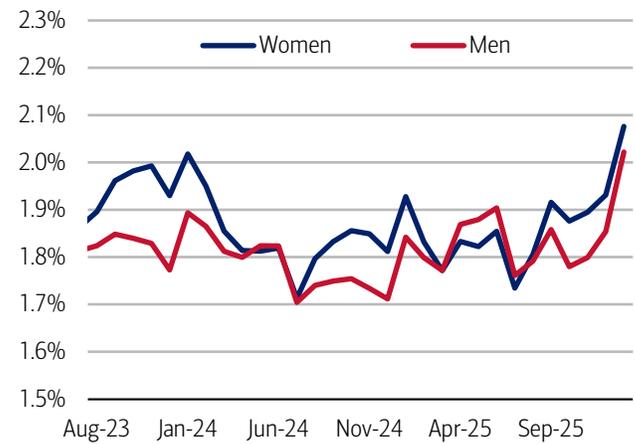


Source: Bank of America internal data

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Exhibit 4: In January, the job change rate for women was 2.1% and 2.0% for men

Job change rate by gender (monthly, six-month moving average, %)



Source: Bank of America internal data

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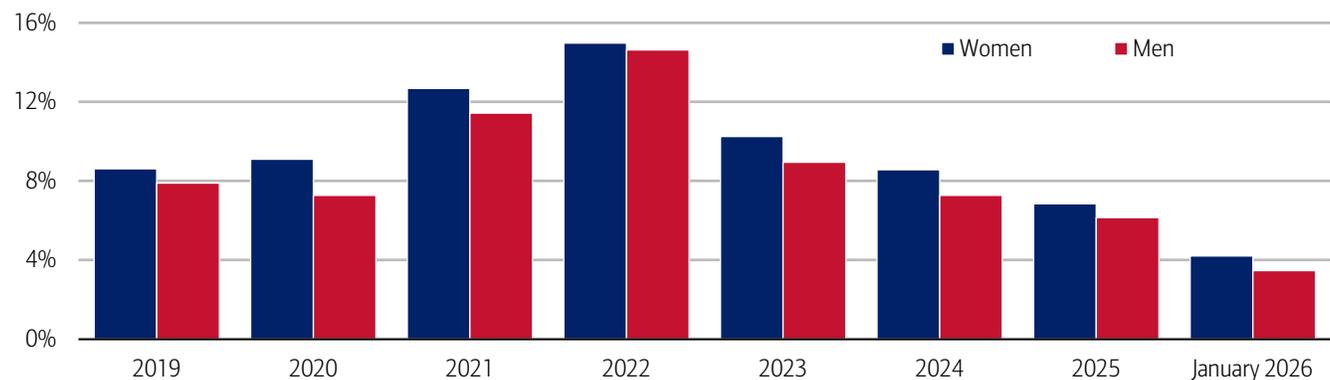
A tougher job market makes pay gains harder to come by

The slowdown in wage increases and job-change activity reflect a labor market that has continued to normalize after several years of momentum. With fewer open roles, the job-change premium – the extra pay boost workers typically receive when they switch jobs – has started to compress across the board. This softening matters because job changing remains one of the most effective ways workers secure higher pay.

Men have recently seen a slightly stronger increase in the year-over-year growth in job-change rates, giving them somewhat more bargaining power to tap into the still-remaining pockets of opportunity for higher pay. Even so, according to Bank of America deposit account data, the median pay raise associated with a job change has moderated for both men and women, with January's level measuring less than half that of the 2019 average (Exhibit 5).

Exhibit 5: For both men and women, the pay raise associated with a job change continues to moderate

Median pay raise for job-to-job movers by gender (% annual average)*



Source: Bank of America internal data

*Calculated as the change in pay in the three months from a job move compared to pay over the same three months a year earlier.

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Women maintaining a modest edge in job-change pay raises is a positive sign for narrowing the gender pay gap, though it may also reflect differences in starting salary levels or sector mix, both of which influence percentage gains (read more on this in [March's Women and wealth](#) publication).

Looking ahead, if “low-hire, low-fire” continues to characterize the labor market, the job-change premium could compress further, limiting the extent to which workers can secure meaningful pay bumps by switching roles.

Unemployment holds steady, but the gender gap in pay disruptions has widened

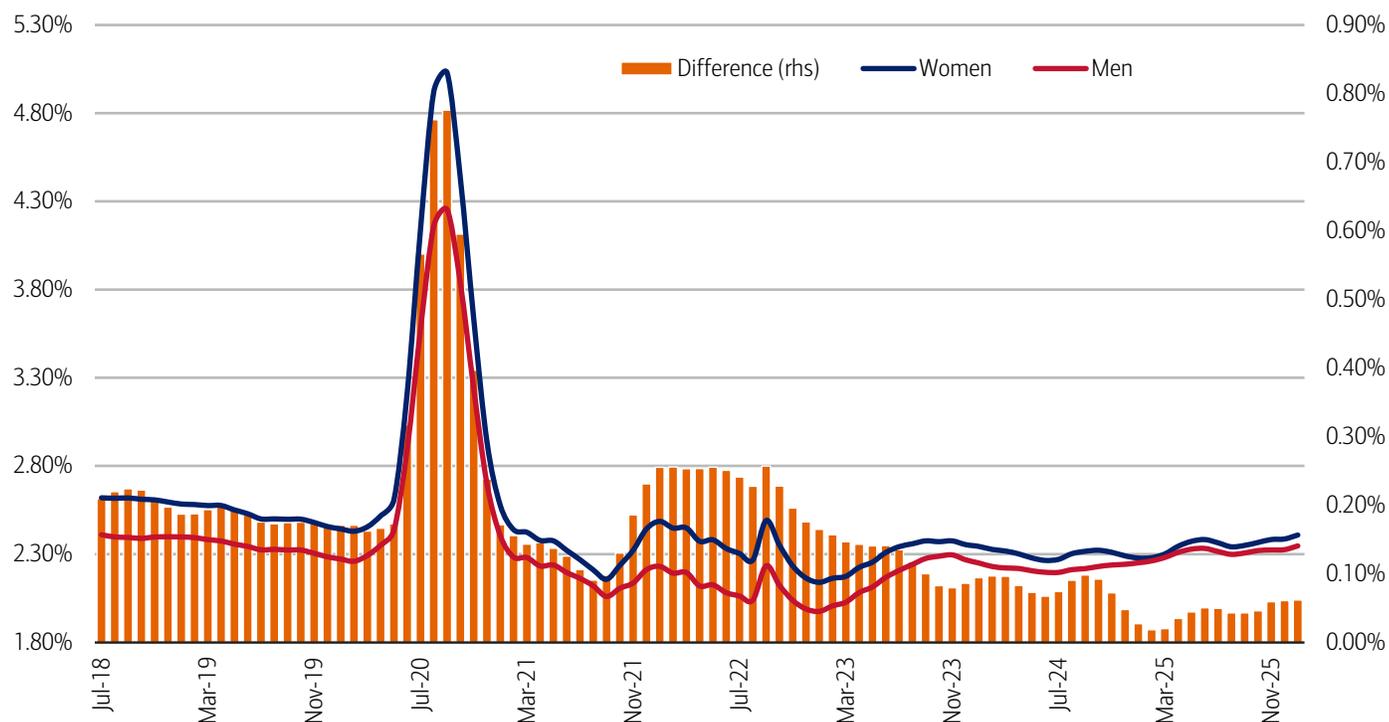
Although the overall unemployment rate has not set off any alarm bells, with growing evidence of a divergence in labor market trends across income cohorts, we also see a difference in participation between men and women in the workforce.

After having narrowed in 2025, the gap between women and men’s pay disruption rate which, in our view, acts as a proxy for someone who has either temporarily or permanently left the labor force (see Methodology - Pay Disruption Rate), has widened marginally and both rates have increased over the past year (Exhibit 6).

Those increases mean that people are now more likely to experience a pause in pay – a clear marker of a softening labor market. It may also, perhaps, be an early sign of a slightly uneven labor market between men and women. Still, the good news is for both the pay disruption rate and difference between them remains below 2019 levels, according to Bank of America deposit account data.

Exhibit 6: After having narrowed in 2025, the gap between women and men’s pay disruption rate has widened marginally in January

Pay disruption rate by gender (seasonally adjusted three-month moving average, %, monthly and difference (right-hand side (rhs), monthly, three-month moving average, %))



Source: Bank of America internal data

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Digging deeper: Black women’s unemployment rate rising fastest

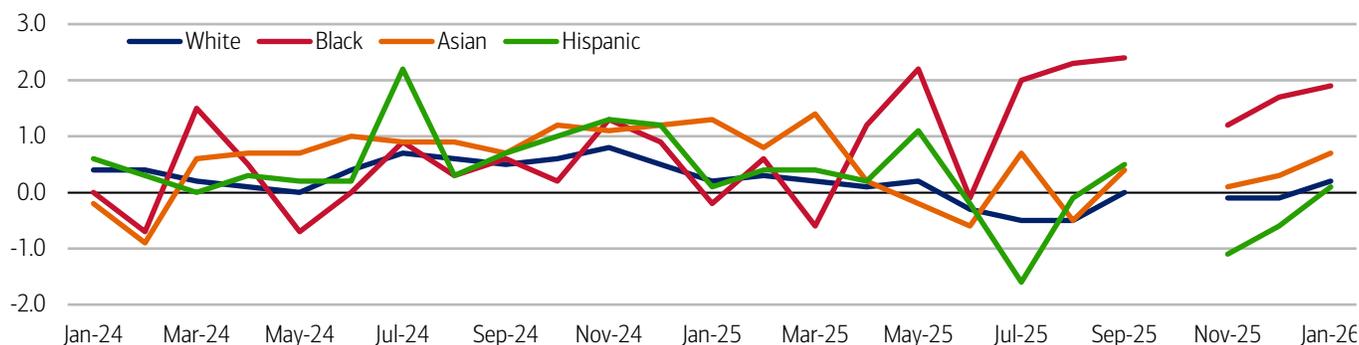
It’s important to note that among women, there are differences in the labor market. Over the past year, prime-age (25-54) Black women have experienced greater employment losses than other groups of women, according to data from the BLS (Exhibit 7).

While Black women saw a net increase in private-sector employment in 2025 – primarily in the growing education and health services industry – there were net losses in six of the 12 major private-sector industries, according to an analysis by the Economic Policy Institute, a nonpartisan think tank.

About one-third of the losses were in other services, a category which includes jobs in beauty and personal services, followed by 25% in manufacturing, 21% in financial activities, and 15% in professional and business services.¹ The public sector was also a notable contributor to these losses.

Exhibit 7: Black women’s growth in the unemployment rate has outpaced other women by a wider margin since June 2025

Unemployment rate of prime-age women by race (not seasonally adjusted, percent change from a year ago, monthly, %)



Source: Haver Analytics

Note: The gap in data is due to the government shutdown in October 2025.

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Women prioritize stretching their dollars

Stronger income growth for women – either through job changes or otherwise – drives further financial stability and fuels spending growth (read more on this in September’s [A window into women’s pay and purchasing power](#) report). And weaker labor market conditions weigh on spending.

With affordability pressures on the rise (read more on this in [February’s Consumer Checkpoint](#)), trading down remains a key strategy when it comes to spending, and we see evidence of that in a proprietary gauge that ranks spending across “premium,” “standard” or “value” tiers, which we call the spending tier composite (STC, see Methodology).

Based on our analysis, “value” continues to gain appeal overall, but the gap between men and women’s STC has widened (Exhibit 8). And though the difference between STC by gender has come down since pre-pandemic, it is starting to marginally increase once again, with women still seeking value when they shop slightly more than men.

According to Bank of America data, across all categories except apparel, women’s STC has improved over the past few months, with grocery having the strongest gains (Exhibit 9). These patterns reinforce the narrative that as labor market momentum slows, the trend of consumers seeking value is likely to persist.

Exhibit 8: The difference between men and women’s STC has continued to widen since 2021, suggesting women seek value more often than men

Difference between men and women’s STC (monthly, 3-month moving average)

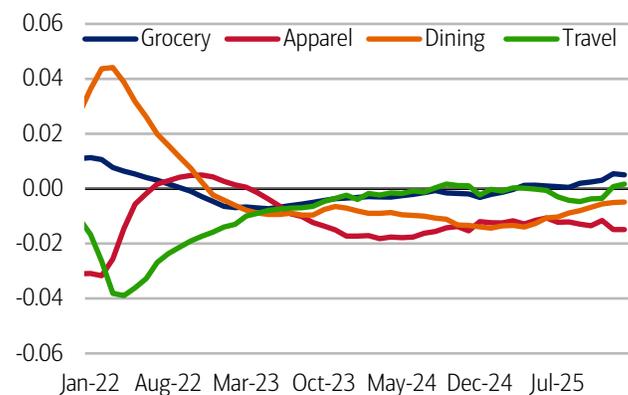


Source: Bank of America internal data

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Exhibit 9: Across all categories except apparel, women’s STC has improved over the past few months

Women’s STC by spending category (percent difference from prior year, monthly, 3-month moving average)



Source: Bank of America internal data

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¹ Wilson, V. (2026, February 10). *Black women suffered large employment losses in 2025—particularly among college graduates and public-sector workers* | Economic Policy Institute

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.

Three tiers (premium, standard and value) were based on after-tax median income derived from payroll direct deposit of individual customers who have shopped at such stores. The stores were then ranked by the median income of their shoppers, with the top third denoted as “premium,” the middle third as “standard,” and the bottom third as “value.” In our view, such categorization is a fair view of how expensive the items are at those stores. Any stores included has had at least 100,000 individual Bank of America customers making at least one purchase during the past 12 months.

The sample of customers in this analysis includes a dynamic pool of customers that have a checking, a saving or a credit card account with BAC each month. Each customer’s tier was determined by taking customer spending during the past 12 months, across the three tiers. The tier with the highest percent of spending will determine the customer’s tier for each category. For example, if the customer spent the majority of their apparel dollars at premium tier apparel stores, the customer’s apparel tier is designated as premium tier, even though they might still have apparel spending at the value/standard tier. This is repeated for dining (restaurants, bars, etc.), travel (hotel lines, car rental agencies, airlines, etc.), and grocery stores.

For the “spending tier composite”, or STC, if a person spends most of their money at the premium tier, that equals a score of “3,” while standard is a “2” and value equals “1.” This is done across four major spending categories: groceries, apparel, restaurants and/or travel. The highest score that can be achieved is a “12” (if someone spends the majority of their money at premium stores across all four categories), while the lowest is a “3” (if another person spends the majority of their money at value stores for groceries, restaurants, and apparel and has no travel spending). Then, we take an average of everyone in our sample to get a spending tier composite.

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 and who have a non-null gender code. Gender data is self-select.

The Pay Disruption Rate is defined as the proportion of customers who previously had 12 months of regular payroll payments into their accounts, followed by at least 3 and up to 6 months of no payments, relative to the total number of customers with 12 consecutive months of payroll.

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.

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Disclosures

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