BANK OF AMERICA INSTITUTE

BANK OF AMERICA

Economy

A window into women's pay and purchasing power

28 August 2025

Key takeaways

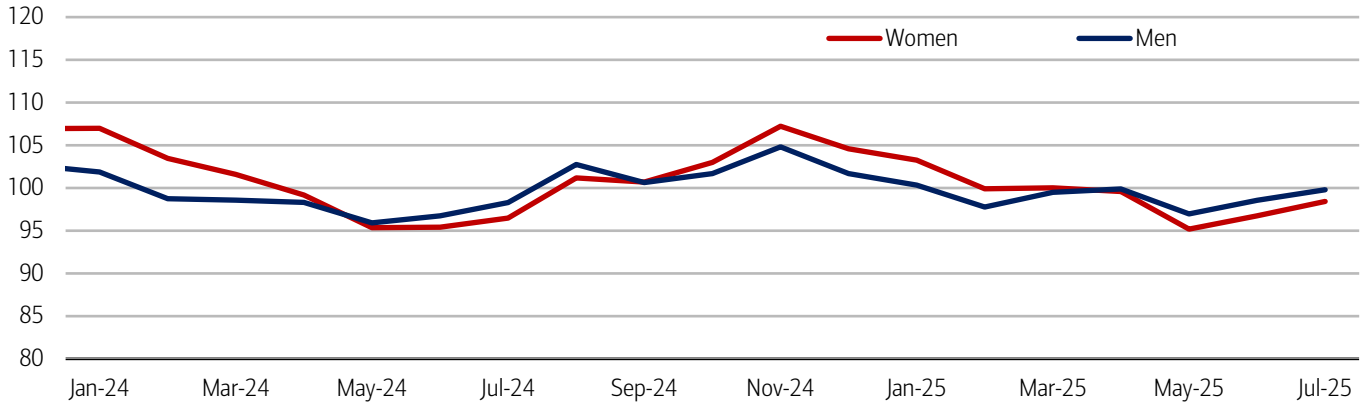
- Women's average annual growth in labor force participation rate fell below men's for the first time in six years. But despite a cooling labor market, Bank of America deposit account data indicates both women and men's pay disruption rate remains below the 2024 average level, suggesting an imbalance in trends between the two isn't yet stark.
- For both men and women, the median pay raise associated with a job change has fallen below 2019 levels, though the increase in associated rise in pay for women is greater than men's, helping narrow the gender pay gap. And according to Bank of America deposit account data, women's checking and savings account balances were up 43% from the 2019 average in June. This has bolstered women's spending growth, especially on discretionary items.
- Yet even as women are gaining on the financial front, our data shows that women's search for value across categories like apparel and restaurants continues to increase. Plus, women's spending growth at e-commerce sites is likely fostered in part by adoption of buy now, pay later as they comprise a higher share of users than men.

Does a cooling labor market freeze women out first?

With growing evidence of a divergence in labor market trends across income cohorts (read more on this in the August Consumer Checkpoint), we also see a difference between men and women in the workforce. According to the Bureau of Labor Statistics (BLS), the July employment report showed a reversal of recent trends that saw more women, especially women with children, finding and keeping full-time jobs. Specifically, the labor force participation rate of women ages 25 to 44 living with a child under five fell nearly three percentage points, from 69.7% to 66.9%. The participation of those women had soared from 2022 to a peak in January 2025.

Could this be a detour or just a bump in the road? The good news is, for both men and women overall, the pay disruption rate, which acts as a proxy for someone who has either temporarily or permanently left the labor force (see Methodology), remains below 2024 average levels (Exhibit 1), according to Bank of America deposit account data. And perhaps more notably for women, the rate has become more closely aligned with men's from 2024 levels, suggesting that an imbalance in unemployment or inactive worker trends between both groups isn't stark for now.

Exhibit 1: The pay disruption rate for both men and women remains below the 2024 average
Pay disruption rate (monthly, indexed, 2024 average = 100)



Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

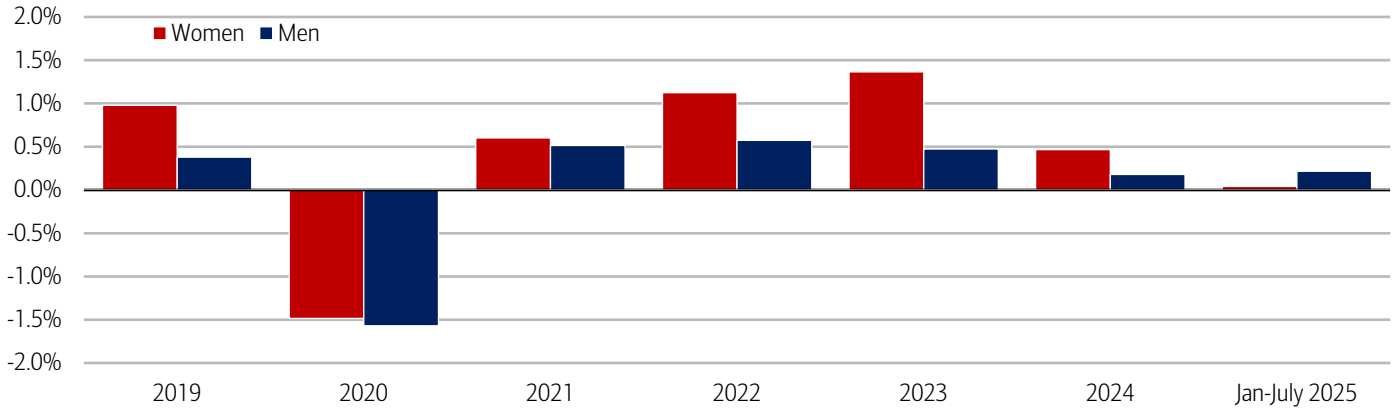
When more women joined the labor force, recessions were milder

However, the year-over-year (YoY) growth in the men's labor force participation rate has outpaced women's on average through July, reversing a trend from the past six years (Exhibit 2). For both genders, YoY growth has fallen below 2019 levels.

Why does that matter? According to the Minneapolis Fed, in previous recessionary periods, as more women entered the labor force, some aspects of downturns became milder. For example, as long as their participation was rising, women did not experience sizable declines in hours during recessions and exhibited very strong growth in hours during recoveries. Plus, growth in women's employment contributed substantially to total factor productivity (read more on this in March's Productivity publication).

These results suggest that continued sustained growth in women's employment after the early 1990s could have significantly improved economic performance in the United States.[1] Perhaps this could also help explain in part why, in the immediate years following the pandemic, consumer and labor market resiliency was sustained (read more on this in January's What's the power of a woman's wallet?).

Exhibit 2: Men's labor force participation rate YoY growth has outpaced women's so far this year, reversing a trend from the past six years
Labor force participation rate by gender (annual average, YoY%)



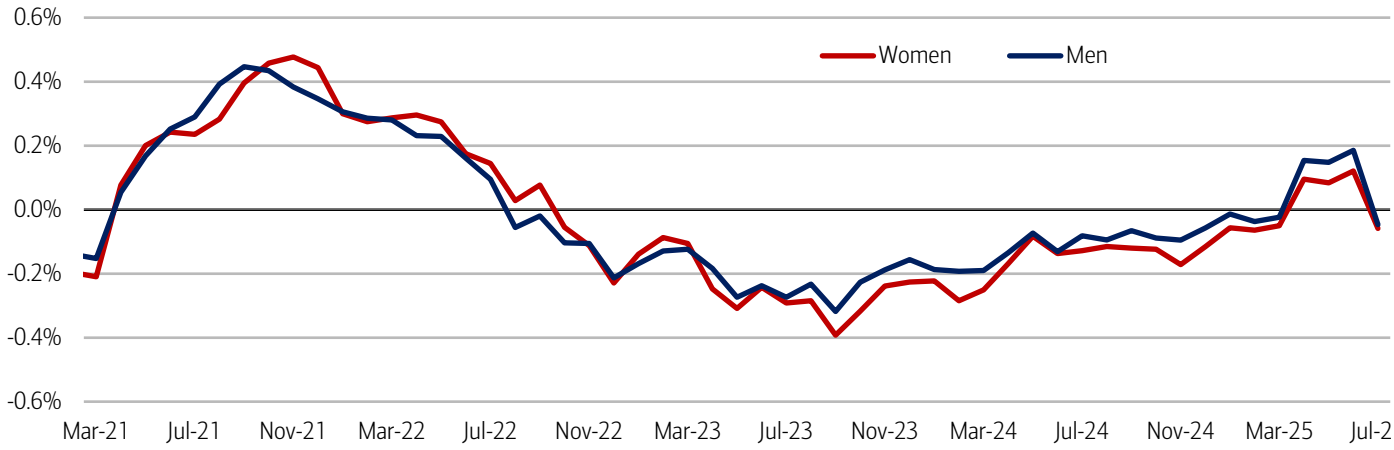
Source: Haver analytics

BANK OF AMERICA INSTITUTE

Chasing wage gains by changing jobs has moderated

Another facet of slowing labor market trends has been the moderation in the rate at which people are changing jobs (read more on this in August's publication on Job hoppers). And in fact, for both men and women, the growth in that rate has come down from last year, falling once again after seeing a brief recovery over the past few months (Exhibit 3). One reason for this: switching jobs no longer results in as big of a bump in pay.

Exhibit 3: For both men and women, the growth in the job change rate fell in July
Job change rate by gender (percentage point difference from prior year, monthly)



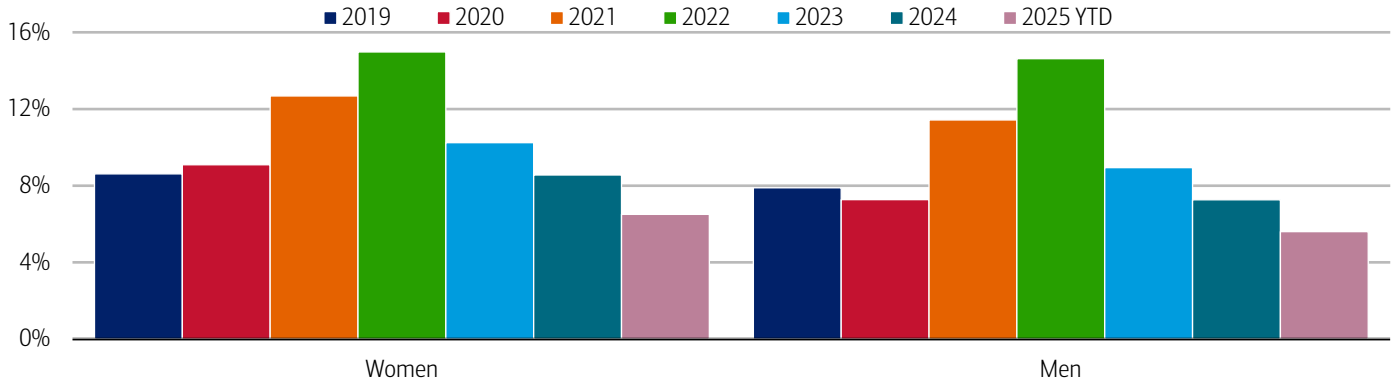
Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

[1] How women's labor has shaped the U.S. economy | Federal Reserve Bank of Minneapolis

According to Bank of America internal data, for both men and women, the median pay raise associated with a job change (see Methodology) has fallen below 2019 levels (Exhibit 4). On average through July, for men, the associated increase was 5.6%, while women's was 6.5%. For women, this marks continued progress in closing the gender pay gap (read more on this in March's Women and wealth publication).

Exhibit 4: For both men and women, the pay raise associated with a job change has fallen below 2019 average levels
Median pay raise for job-to-job movers (annual average through year-to-date (YTD))*



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.

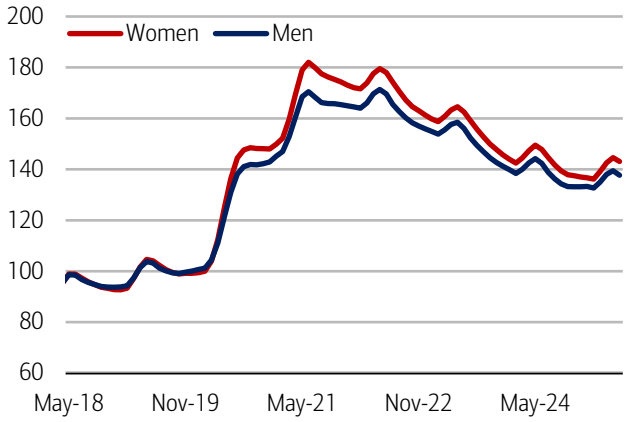
BANK OF AMERICA INSTITUTE

With more money, there's more agency in spending

Stronger wage growth for women – either through job changes or otherwise – drives further financial stability and fuels spending growth. And, in fact, Bank of America deposit account data found that women's checking and savings account balances were up approximately 43% from the 2019 average, compared to 37% above the 2019 average for men in June (Exhibit 5).

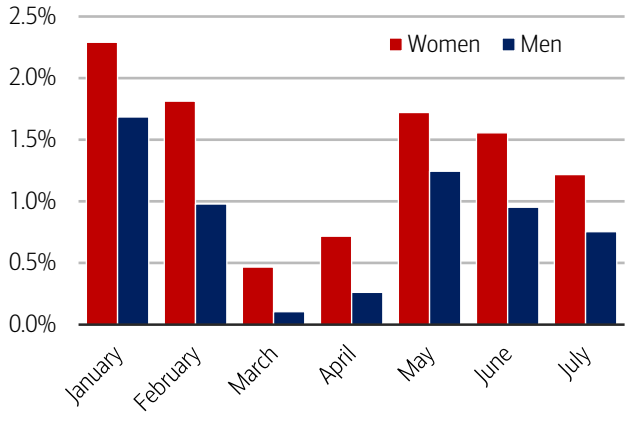
More wealth and more money can also lead to more spending, and, according to Bank of America account data, women's discretionary spending growth has outpaced men's so far this year (Exhibit 6). Though growth has fallen from the start of the year for both, it remains positive on a three-month moving average, suggesting spending still has some room to run.

Exhibit 5: Women's deposit accounts were up 43% from the 2019 average in June, though have come down from the 2021 peak
Median deposit account balance by gender (monthly, three-month moving average, indexed, 2019 average = 100)



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

Exhibit 6: Women's discretionary spending growth has outpaced men's throughout 2025
Discretionary spending by gender (monthly, 3-month moving average, YoY%)



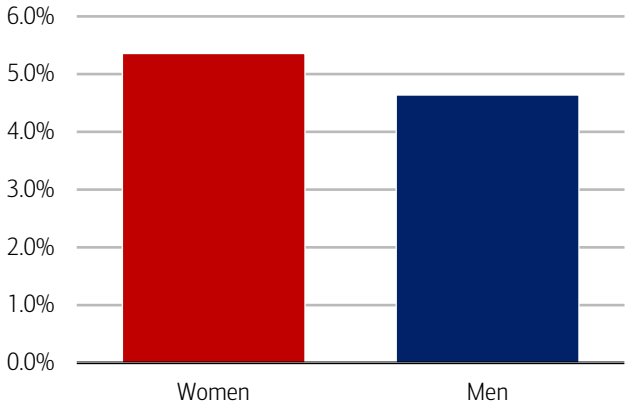
Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

Buy now, pay later more popular among women, but growing faster with men

As women gain more disposable income, it will likely bolster demand for products that have been less valued in the past, like e-commerce and logistics (including online purchases and at-home delivery), personal services, and home-based care, per BofA Global Research. Especially for e-commerce, another way in which women's spending growth could continue to have forward momentum is through the adoption of buy now, pay later (BNPL), a financing option that lets shoppers pay for products in small installments over a set period of time (read more on this in July's Add to cart publication).

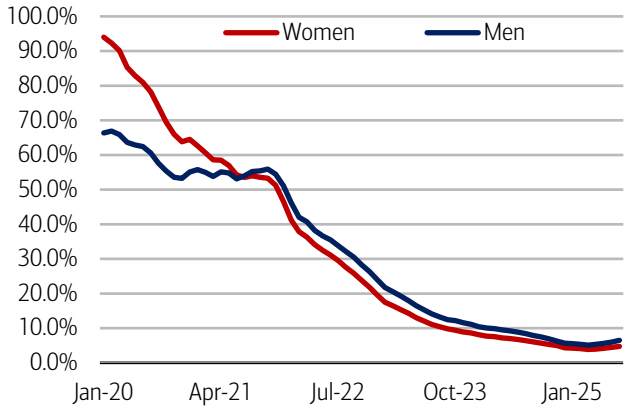
Exhibit 7: In July, women comprised a greater share of BNPL users than men
BNPL adoption by gender in July (% of users)



Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

Exhibit 8: Men's growth in BNPL adoption has outpaced women's though both have inched up from the start of the year
BNPL adoption by gender (monthly, 3-month moving average, YoY%)



Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

In July, women comprised a higher total share of buy now, pay later (BNPL) users (Exhibit 7). But men are adopting BNPL at a faster rate than women, up 6.5% YoY for men in July, compared to 4.7% YoY for women (Exhibit 8). This has moderated significantly from 2020 levels when women were leading the charge in BNPL adoption, but that trend has since reversed, with men's BNPL adoption growth rate outpacing women's since mid-2021.

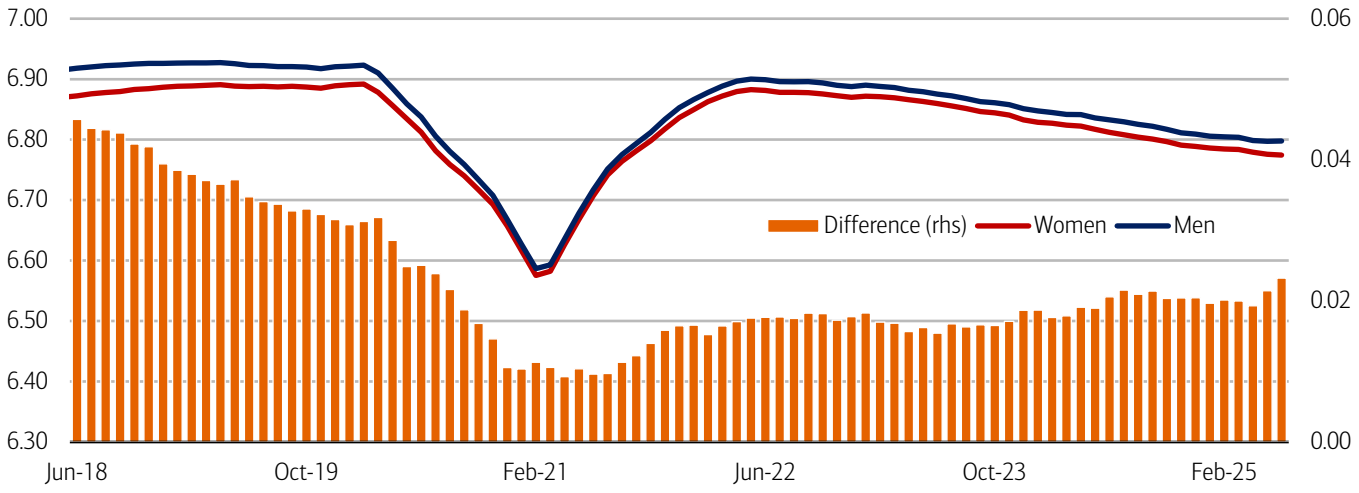
Both men and women have traded down across major spending categories

Trading down remains a key theme for 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).

To create the composite, we first ranked spending into tiers (see Methodology) and came up with a score for each spending category, of which there are four. For example, if a customer spends most of their money at premium stores, that equals a score of "3," while standard is a "2" and value equals "1."

Based on our analysis, "value" is gaining appeal among consumers overall (Exhibit 9). 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.

Exhibit 9: For both women and men, trading down to more value tiers across spending categories has increased, though the difference between their respective STC has become smaller since pre-pandemic
Bank of America spending tier composite derived from credit and debit card spending by gender (left hand side (lhs), monthly, index) and the difference between them (right hand side (rhs), monthly, percentage point)



Source: Bank of America internal data
Note: Spending tier composite is derived from card spending on apparel, dining, grocery, and travel.

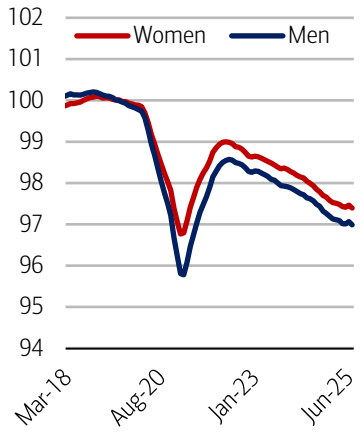
BANK OF AMERICA INSTITUTE

Women search for more value in apparel

Looking by spending category, for both women and men, the aggregated spending tier at restaurants has fallen below the 2019 level (Exhibit 10). This is also the case for apparel, though interestingly despite women's peaking above men's in 2021, men's has decelerated at a slower rate than women, suggesting women search for more value when shopping for clothes (Exhibit 12).

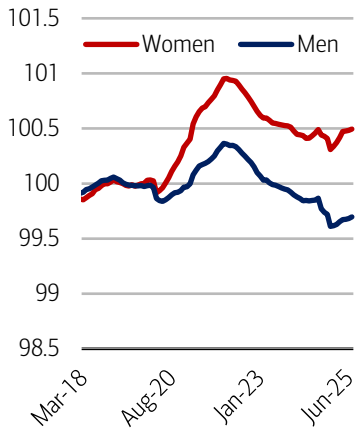
Most notably, women's spending tier for groceries is not only slightly above the 2019 average but has outpaced men's by a wide margin from 2020 onwards (Exhibit 11). It's possible women might do more grocery shopping across a wider range of stores than men (read more on this in the April Housework publication), though this data could also suggest women's selectivity when it comes to more premium-tiered spending.

Exhibit 10: Men's STC for restaurants has fallen 3% below 2019 levels, compared to women's -2.5% in July
STC for restaurants by gender (monthly, indexed, 2019 average = 100)



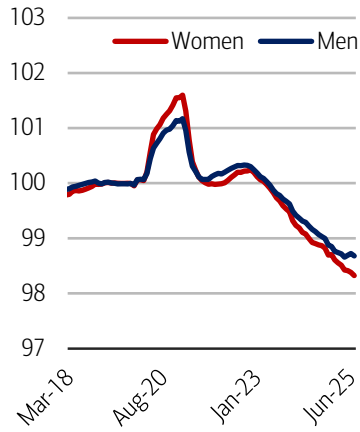
Source: Bank of America internal data
BANK OF AMERICA INSTITUTE

Exhibit 11: Women's STC for groceries has outpaced men's since 2020, and was up 0.5% above the 2019 average in July
STC for groceries by gender (monthly, indexed, 2019 average = 100)



Source: Bank of America internal data
BANK OF AMERICA INSTITUTE

Exhibit 12: After peaking in early 2021, women's STC for apparel has fallen nearly 2% below the 2019 average, while men's has flattened out to around -1.5% in July
STC for apparel by gender (monthly, indexed, 2019 average = 100)



Source: Bank of America internal data
BANK OF AMERICA 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 Disruptions Rate is defined as the proportion of customers who previously had 12 months of regular payroll payments into their accounts, but then had three 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.

BNPL payments are analyzed across credit card, debit card, ACH, wires, bill pay, person-to-person, cash and check channels, where applicable.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

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

Contributors

Taylor Bowley

Economist, Bank of America Institute

Sources

Dale Lin

Director, Global Risk Analytics

Adam Zeid

Assistant Vice President, Global Risk Analytics

Disclosures

These materials have been prepared by Bank of America Institute and are provided to you for general information purposes only. To the extent these materials reference Bank of America data, such materials are not intended to be reflective or indicative of, and should not be relied upon as, the results of operations, financial conditions or performance of Bank of America. Bank of America Institute is a think tank dedicated to uncovering powerful insights that move business and society forward. Drawing on data and resources from across the bank and the world, the Institute delivers important, original perspectives on the economy, sustainability and global transformation. Unless otherwise specifically stated, any views or opinions expressed herein are solely those of Bank of America Institute and any individual authors listed, and are not the product of the BofA Global Research department or any other department of Bank of America Corporation or its affiliates and/or subsidiaries (collectively Bank of America). The views in these materials may differ from the views and opinions expressed by the BofA Global Research department or other departments or divisions of Bank of America. Information has been obtained from sources believed to be reliable, but Bank of America does not warrant its completeness or accuracy. These materials do not make any claim regarding the sustainability of any product or service. Any discussion of sustainability is limited as set out herein. Views and estimates constitute our judgment as of the date of these materials and are subject to change without notice. The views expressed herein should not be construed as individual investment advice for any particular person and are not intended as recommendations of particular securities, financial instruments, strategies or banking services for a particular person. This material does not constitute an offer or an invitation by or on behalf of Bank of America to any person to buy or sell any security or financial instrument or engage in any banking service. Nothing in these materials constitutes investment, legal, accounting or tax advice.
Copyright 2025 Bank of America Corporation. All rights reserved.