

# Bank of America reports uptick in spending as consumers get ready for post-pandemic splurge

Article

Bank of America customer spending on credit and debit cards and over the Zelle network is 20% higher than the same period in 2019, CEO Brian Moynihan [said](#) on CNBC's Squawk Box.

All spending categories with the exception of travel—which still remains as much as 15% lower than 2019—have recovered from the spending declines experienced last year, according to Moynihan.

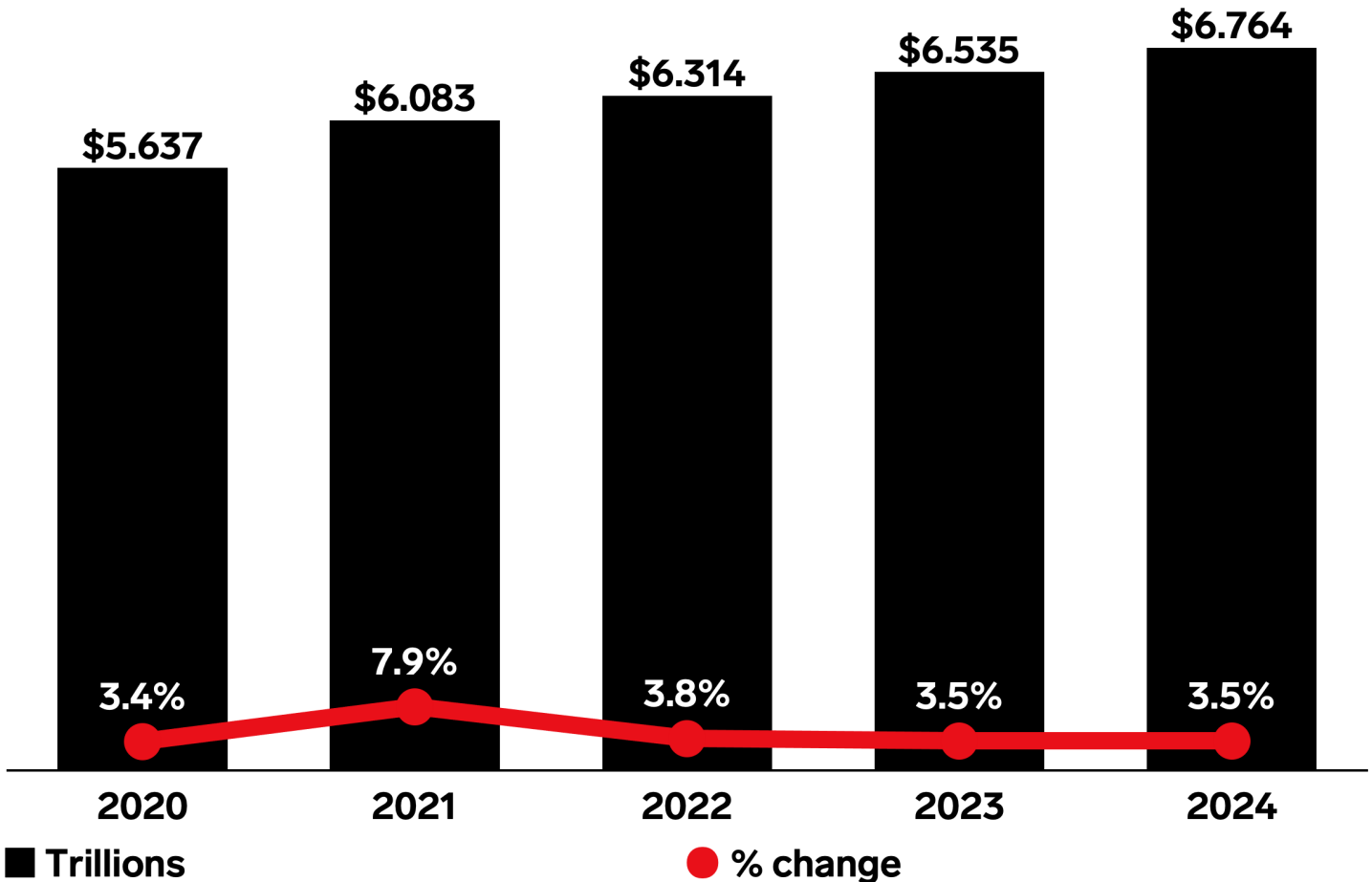
**Stimulus payments and improving employment helped kick-start recent growth.** Aside from spending on essentials like food and bills, a large portion of funds from the [third stimulus payments](#)—which began rolling out in March—went toward paying down personal debt (38%) and savings (25%). This likely helped prime consumers to spend with their cards in the following months. Improving pandemic conditions in the US, propped up by [COVID-19 vaccines](#), also contributed to jobs growth: In April, the US [unemployment rate](#) stood at 6.1%—a major recovery from April 2020's 14.8% peak but a far cry from the 3.5% reported before the start of the pandemic. These market factors contributed to the recent volume boost for Bank of America and potentially other issuers—though they'll need to find other avenues to maintain this growth going forward.

**Opportunities like back-to-school shopping and pent-up older adult spending will likely build on recent growth and help drive issuers' revenues.**

- **Back-to-school spending is expected to make a comeback this year.** US retail back-to-school sales are projected to climb 9.8% year over year (YoY), compared with last year's 4.6% contraction YoY, [per](#) eMarketer forecasts from Insider Intelligence. In 2020, most schools transitioned to [remote learning](#) because of the pandemic, but this year, most schools are expected to open up—heralding an uptick in back-to-school sales in [categories](#) like apparel and electronics and helping elevate issuer volume. Issuers could develop rewards related to back-to-school shopping that would also help maximize revenue potential.
- **Meanwhile, US adults aged 65 and older are gearing up for post-pandemic spending.** This consumer group—which held \$2.2 trillion in spending power last year, per World Data Lab data [cited](#) by Bloomberg—may be eager to get back to pre-pandemic habits, including luxury and travel spending, to make up for 2020. Senior citizen spending will likely support recovery for the US travel sector, which is expected to [expand 23.6%](#) compared with last year. Postponed medical procedures from 2020 are also projected to make up a major spending category for older adults this year, per Bloomberg. Issuers could perhaps look into adding perks that attract older consumers, helping them tap into a lucrative consumer demographic and positioning themselves for growth in the coming year as the pandemic continues to subside.

# Retail Sales

US, 2020–2024



*Note: Excludes travel and event tickets, payments (such as bill pay, taxes, or money transfers), food services and drinking place sales, gambling, and other vice good sales. eMarketer benchmarks its US total retail sales figures against the US Department of Commerce (DoC), for which the last full year measured was 2020.*

*Source: eMarketer, May 2021*

*Methodology: Estimates are based on the analysis of data from benchmark source US Department of Commerce, estimates from other research firms, historical trends, consumer buying trends, and macro-level economic conditions.*

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