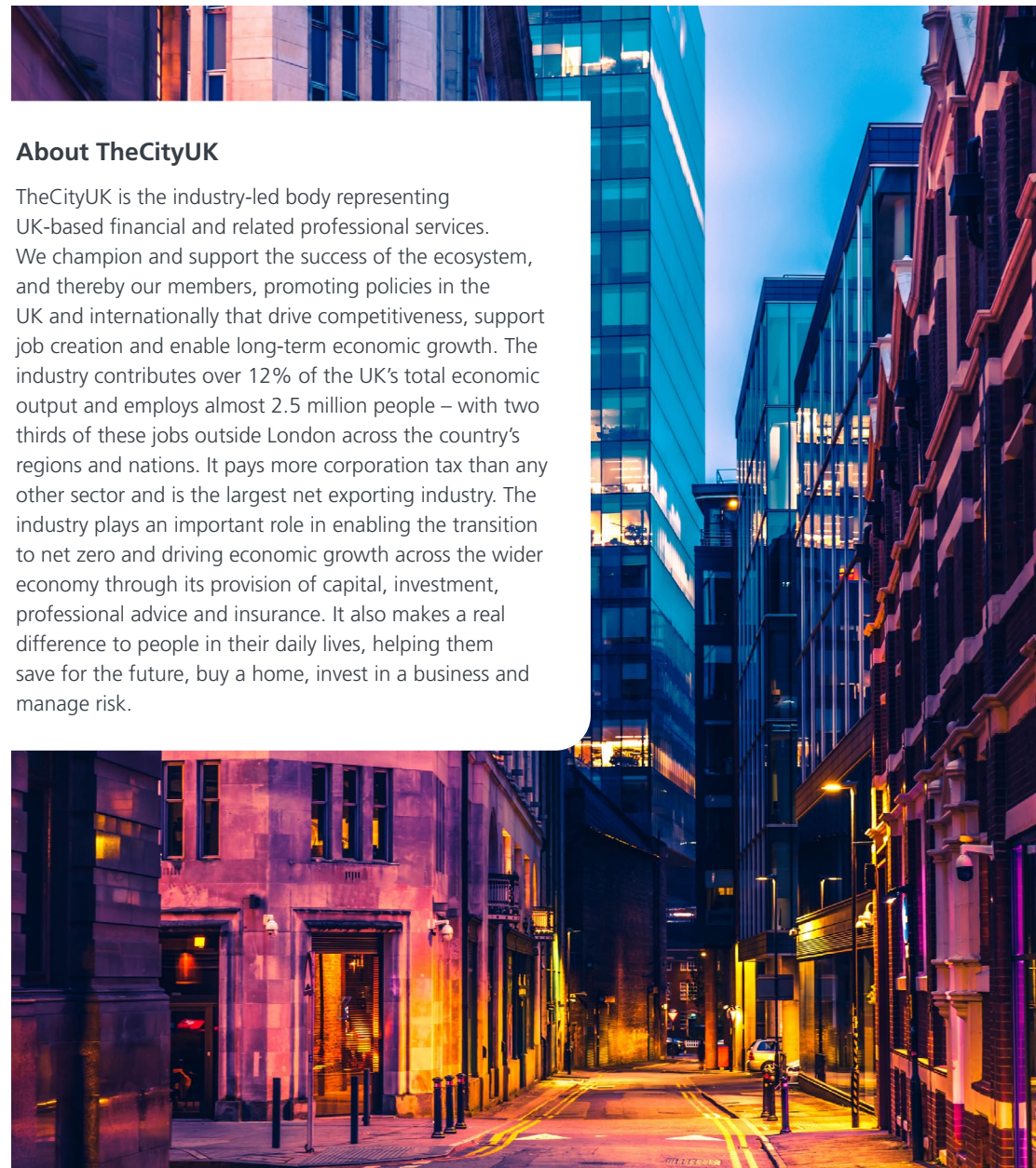


From cash to confidence: Building an investing nation

Unlocking long-term wealth for the UK's households and markets





About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. We champion and support the success of the ecosystem, and thereby our members, promoting policies in the UK and internationally that drive competitiveness, support job creation and enable long-term economic growth. The industry contributes over 12% of the UK's total economic output and employs almost 2.5 million people – with two thirds of these jobs outside London across the country's regions and nations. It pays more corporation tax than any other sector and is the largest net exporting industry. The industry plays an important role in enabling the transition to net zero and driving economic growth across the wider economy through its provision of capital, investment, professional advice and insurance. It also makes a real difference to people in their daily lives, helping them save for the future, buy a home, invest in a business and manage risk.

Foreword

Globally, governments face the challenge of generating sustainable, inclusive growth. Capital markets are central to meeting this challenge. Widespread individual investment can strengthen capital markets which, in turn, funds national growth.

The foundations of the UK's economic growth have significantly shifted over the past five years. Before the Covid-19 pandemic, it was heavily dependent on consumption, underpinned by low household savings. However, according to recent research, since 2020, households have put away £1trn in savings, with almost half (47%) held in cash or cash-like deposits.¹

Cash savings play a vital role in underpinning financial security, enabling individuals to secure mortgages, manage unexpected expenses and plan for the future. However, while cash savings are particularly useful for short-term goals, they have their limitations, not least if households are not proactively considering channelling any excess savings into productive investments. Not only could they be missing out on potentially higher returns over the long term, the opportunity for those savings to actively support businesses to grow and innovate is also foregone. This investment shortfall is a continuing drag on productivity – a long-standing weakness in the UK economy – and is a priority for this government to address.

The government's Edinburgh, Leeds and Mansion House reforms have signalled strong commitment to building an investment culture within the UK. Added to that, the Financial Services Growth and Competitiveness Strategy set out a goal that by 2035, the government will help to foster a more investment-focused culture. This approach is already well embedded in countries such as the US, Sweden and Australia, where individual investment has moved from a specialist activity to an ordinary part of people's daily lives, and considered essential for both personal financial security and broader economic health.

Ultimately, to reduce long-term dependence in the UK on the state and address widening wealth inequality, it is essential to create the right environment for people to meaningfully engage with investments that align with their financial objectives. Turning the UK into a nation of investors is a long-term project, but decisive and coordinated action, now, is essential. Achieving this will require a clear guiding framework to shape individual investment policy and build public trust.

If this is done well, the primary beneficiaries will be individual savers, who will be able to generate stronger returns on savings and, in turn, build greater financial resilience across a lifetime. However, the broader benefit is collective. By developing a deeper domestic investor base to support UK capital markets, this will support wider economic growth. Now is the time to act and get Britain investing.

I am very grateful to Mike Coombes of PrimaryBid for leading this work on behalf of our Retail Investment Group, and to our members for their continued contribution on this agenda.

Miles Celic OBE

Chief Executive Officer, TheCityUK



¹ JP Morgan, The UK's savings opportunity, June 2025, available here: <https://am.jpmorgan.com/gb/en/asset-management/adv/insights/market-insights/market-updates/the-uks-savingsopportunity/>

Executive summary

01

Executive summary

Britain's investment gap undermines our economic future

The UK has a £610bn problem disguised as prudent saving. While UK households have saved £1trn in cash since 2020, nearly 15 million people are holding surplus wealth (savings above what is considered necessary for an emergency, which is classed as over six months of income) in cash, an increase of 33% in just two years.² While cash savings are an essential part of prudent financial planning, surplus cash savings barely maintain purchasing power and individuals miss out on the opportunity to build wealth through investing. The Financial Conduct Authority (FCA) estimates that there are around 22 million adults with £10,000 or more in cash savings who may be missing out on the benefits of investing.

While individuals could be missing out on the long-term returns investing generates, British firms are missing out on vital capital needed for growth. With people living longer and pressures on public finances rising, low British investment rates have a knock-on impact on the wider economy. Low household participation in investment undermines UK competitiveness, starves companies of domestic capital and deepens inequality.

The government's Edinburgh, Leeds and Mansion House reforms have laid important groundwork, but individual investors have not received the same strategic focus as institutional investors to date. The 2025 Financial Services Growth and Competitiveness Strategy includes the goal that by 2035, the government will help to foster a more investment-focused culture.³ This report suggests ways to drive government and industry alignment on this agenda in the coming decade.

² Barclays analysis of the 2024 FCA Financial Lives survey identifies £610bn held by people with over £10,000 in investable assets (after emergency funds) who hold 75%+ of their wealth in cash. While not all of this should be invested – some will have near-term needs or reflect legitimate risk preferences – even a modest proportion moving into appropriate investments would represent a meaningful shift for both household wealth and UK capital markets. At current average available cash rates, cash barely maintains purchasing power. The more significant issue discussed in this report is the opportunity cost.

³ The government has committed to “encourage households to engage with investment opportunities”, measured by the proportion of household wealth held in financial assets other than cash.

Why this matters now



For individuals

Decision paralysis: two in five say investing is one of life's toughest decisions⁴. The single most cited reason for not investing among both women and men is that it is considered “too risky”.



For markets

UK companies seek capital elsewhere, and jobs follow. UK individual investors own 11% of domestic equities, compared to 40% in the US. British pension savers estimate 41% of their pension is invested in UK companies; the true figure is 4%⁵.



For society

The investment gap reinforces financial inequality. Those who invest pull further ahead. Millions remain outside the wealth-creation system. As the state's ability to provide adequate pensions declines – due to demographic pressures, rising life expectancy, and fiscal constraints – there is growing evidence that individuals will need to take greater responsibility for funding their own retirement. Proactive individual investment can help bridge this gap, offering the potential for higher returns and greater financial security in later life.

⁴ Barclays, Decision paralysis: two in five say investing is one of life's toughest decisions, February 2025, available here: <https://home.barclays/news/press-releases/2025/02/investing-paralysis--deciding-how-to-invest-seen-as-more-difficu>

⁵ New Financial, How to boost investment in UK equities by UK pensions, September 2025, available here: <https://www.newfinancial.org/reports/how-to-boost-investment-in-uk-equities-by-uk-pensions>

Our key recommendations

We have identified three key areas where coordinated action between government, regulators and industry is needed.

01

'North Star' strategy – HM Treasury (HMT) must lead the creation and delivery of a cross-department national retail investment vision aligning tax, regulation and education with clear policy goals.

02

Individual investment scorecard – government, regulators and industry should track what matters: participation rates, confidence levels and actual outcomes. This should include flows as well as behaviour, engagement and results across demographics and regions.

03

Financial education infrastructure – the government should make financial education systematic through schools, workplaces and critical life moments – from primary school through to retirement.

Turning the UK into a nation of investors is a long-term project, but decisive and coordinated action to give the UK a head start must begin now.

Building on momentum

To meet the government's goal to foster a more investment focused culture by 2035, a holistic, phased, evidence-led programme is required to make investing easy, normal and inclusive to try. Our recommendations to meet this goal are for a 'North Star' strategy to align policy and regulation; an individual investment scorecard ('the scorecard'), jointly owned by government and industry, to track progress on the strategy, and a national education and inclusion system of investment that turns today's cautious savers into confident, long-term investors.

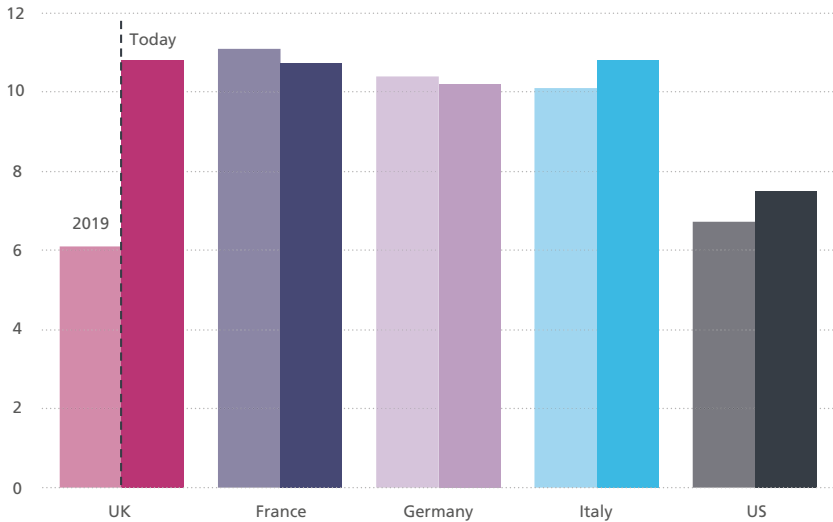


The UK’s investment landscape at a glance

UK households are now saving on par with their European counterparts and have put away £1trn since 2019

UK vs. peers’ saving rates, % of disposable income

Source: Bundesbank, LSEG Datastream, ONS, Oxford Economics, J.P. Morgan Asset Management. Data as of 20 October 2025.



⁶ Money and Pensions Service, Financial Wellbeing Survey 2021, March 2022, available here: <https://maps.org.uk/en/publications/moneyview>
⁷ JP Morgan, The UK’s savings opportunity, June 2025, available here: <https://am.jpmorgan.com/gb/en/asset-management/adv/insights/market-insights/market-updates/the-uks-savings-opportunity/>
⁸ Barclays, The UK Investment Gap, September 2025, available here: <https://home.barclays/news/press-releases/2025/09/uk-s-investment-gap-swells-to-over-p610-billion/>
⁹ Office for National Statistics, Ownership of UK quoted shares: 2022 Bulletin, published December 2023, available here: <https://www.ons.gov.uk/economy/investmentspensionsandtrusts/bulletins/ownershipofukquotedshares/2022>
¹⁰ Robinhood, Freedom to invest survey, available here: <https://robinhood.com/gb/en/learn/articles/freedom-to-invest-our-uk-investor-survey/>
¹¹ Aberdeen, Tell Sid and tell him again, January 2025, available here: <https://www.aberdeenplc.com/docs?editionid=72c26e33-e8ff-4172-906d-b25a00faedbc>
Robinhood, Freedom to invest survey, available here: <https://robinhood.com/gb/en/learn/articles/freedom-to-invest-our-uk-investor-survey/>
¹² Financial Conduct Authority (FCA), Financial Lives 2024, May 2025, available here: <https://www.fca.org.uk/publication/financial-lives/financial-lives-survey-2024-key-findings.pdf>



69%

of UK individuals are not satisfied with their overall financial circumstances⁶



More households believe that cash would deliver the best long-term returns than stocks even though in the last 25 yrs, cash has delivered no real return and global stocks have delivered 6%⁷



15M

adults hold £610bn in surplus cash⁸



In 1963, UK individuals owned 54% of the UK stock market; in 2022, that share dropped to

10.8%⁹



39%

of adults held any investment product in 2024 – down from 41% in 2022¹²



8.6%

of adults receive regulated financial advice¹²



40%

of the UK population aged 18-34 think the state will be equally or more generous when they retire compared to today¹⁰



44%

of the UK population has poor financial literacy¹¹

Introduction

02

Introduction

The UK needs more investors

Only one in four UK adults invests outside their pension, which is the lowest rate in the G7. It is a structural brake on household wealth, economic growth and social mobility.¹³

Barclays' analysis of the FCA's 2024 'Financial Lives' survey shows that nearly 15 million adults in the UK hold around £610bn in surplus cash, up from £430bn in 2022. This sharp rise, driven by higher interest rates and behavioural caution, highlights the scale of the investment savings challenge. Research shows that 70% of cash ISA holders have "never even considered" investing through a stocks and shares ISA, and emotional barriers, such as fear of loss and jargon aversion, prevent many with surplus savings from investing.

This is not only a story of unequal wealth, but rather one of unrealised opportunity in the UK. Too little confidence, too little clarity, and too little connection between savers and investment opportunities in capital markets that underpin our economy.

People are living longer, so their money needs to work harder

Auto-enrolment into workplace pensions has been a British success story in terms of getting people investing, reversing the decline in pension saving and resulting in a tenfold increase in people contributing to occupational pension schemes between 2011 and 2019¹⁴. However, this has also relied upon and embedded a culture of savings inertia, rather than one of investing. Most people do not see themselves as 'investors', even when they are, and remain disengaged from the drivers of long-term returns. Recent polling has also shown that most Britons do not understand how their pension works.¹⁵

According to the Money and Pensions Service (MaPS), 54% of UK adults save regularly. 69% of people remain dissatisfied with their financial circumstances, 50% do not have a plan for their finances in retirement. However, much of the UK population remains on the sidelines of the financial markets. According to the Financial Conduct Authority (FCA) only 39% of adults held an investment in 2024, down from 41% in 2022.

¹³ Barclays, The UK Investment Gap, September 2025, available here: <https://home.barclays/news/press-releases/2025/09/uk-s-investment-gap-swells-to-over-p610-billion/>

¹⁴ House of Commons, Pensions: Automatic enrolment – current issues, <https://commonslibrary.parliament.uk/research-briefings/sn06417/>

¹⁵ Poll conducted by H/Advisors / Observant for New Financial. Survey of 1,055 working aged adults 18 to 65 paying into a pension, conducted second week of July 2025.

The risk of inertia is rising: if households hold too much in cash for too long, they will likely fall short of their retirement or resilience goals – particularly in real (inflation-adjusted) terms.

Failure to address this challenge undermines economic success

With people living longer and pressures on public finances rising, we should care about low British individual investment rates. Countries with higher individual investment participation across a diversified range of assets report greater public support for market-oriented policies and stronger social cohesion. When people understand that they can contribute to their nation's economic success, they become stakeholders in growth rather than bystanders.

Ideally, households that can afford to do so, should build both adequate cash savings to meet their short-term needs and personal wealth and financial resilience by confidently investing for long-term returns. The focus should be on gradually increasing the proportion of UK households that hold surplus savings to consider diversified investment as part of a balanced financial plan, particularly for long-term goals, 10 or more years away.

A secondary benefit of a more proactive investing culture is that more investment can be channelled into UK companies and the economy. Low individual investor participation in UK markets reduces domestic capital market liquidity, weakens capital formation, and contributes to structural economic imbalances, including low productivity growth and a declining pipeline of companies choosing to list in the UK.

International comparisons

Other countries have faced this challenge – and acted.

Sweden has spent two decades reforming tax-advantaged investment accounts, transparent disclosures and financial education to build one of the highest rates of household investment in the world – and correspondingly deep domestic capital markets. Politicians deny any single 'grand plan,' but treat Sweden's individual investment culture and capital markets strength as a policy asset and an exportable model. The European Commission has proposed a blueprint for EU Savings and Investment Accounts (SIAs), which could further enhance Swedish best practice, see box below.

Japan is mobilising to shift its cash-heavy households (54% of household savings are in cash deposits) towards investment through its 'Doubling Asset-Based Income Plan' focused on three D's: determination, decisive action and a diverse approach. Japan created the Japanese Financial Literacy and Education Corporation (J-FLEC) to ensure that 20% of people recognise that they have received financial education by FY2028, while doubling Nippon Individual Savings Account (NISA) investment limits and mandating school financial education. The result: 3.5 million new individual investment accounts in 2023 alone.

Australia offers individuals easy access to stock markets through tax incentives for long-term investment, innovative products, and financial education programmes. Its compulsory superannuation system, holding assets worth more than 130% of GDP, engages individuals early in investment decisions through digital dashboards and lifecycle strategies, with regulator-published performance tables ensuring transparency.

United States: individual investors hold nearly 40% of listed equities by value, supported by tax-advantaged accounts, workplace investing, and user-friendly products. Decades of consistent policy and favourable tax treatment have made the retail investor a central force in market dynamism – a role now expanding rapidly as millions engage with digital assets and tokenised investment products, reshaping market access and participation at unprecedented speed.



Lessons from Sweden – how to foster an individual investing culture¹⁶

Sweden's capital markets stand out for their depth, inclusiveness, and long-term orientation, shaped by decades of pragmatic reforms.

Sweden faced high cash saving holdings, low individual investment participation, and fragmented policy, like the UK. Incremental reforms over five decades, driven by economic necessity, shaped Sweden's approach.

Its approach:

- The government introduced tax incentives in the **1980s** to broaden share ownership.
- In **1991** the government removed the stock transaction tax (the equivalent of UK stamp duty tax on UK equities) to boost trading volumes. (0.5% levy that had driven down trading volumes).
- In **1994** major pension reforms, including the Premium Pension System with individual investor fund choice adopted.
- In **2012** Sweden introduced Investment Savings Accounts (ISK) with a simple flat-rate tax and no transaction reporting or upper limit.

The results:

- Only 10% of Swedish household assets are in cash (lowest in the EU).
- 70% of Swedes hold investments funds directly (i.e. outside a pension).
- Equity holdings rose from 32% to 50% (2002–2021).
- 500 IPOs in the past decade, surpassing Germany, France, Spain, and the Netherlands combined.

Key success factors cited by the Swedish government:

- Administrative simplicity of tax-advantaged investment accounts.
- “Financial literacy came from learning by doing” – not top-down programs.
- Decades of consistency cementing behavioural change.

For the UK, the lessons are clear: abolishing Stamp Duty Reserve Tax (SDRT) on UK share purchases could help refocus attention on UK equities; simplifying the ISA framework could make investing more accessible and attractive; and boosting financial education and encouraging a ‘learn by doing’ mentality could foster the investor confidence needed for broader participation.

¹⁶ Swedish Government Offices, April 2025 ‘Sweden’s capital markets journey’ found here: <https://www.government.se/contentassets/a2912a9570d846c6bd00d47cbb5287e6/swedens-capital-markets-journey-slutlig---utan-andringsmarkeringar.pdf>

A moment of alignment and opportunity – if the UK acts

There is new momentum that makes this the right time for coordinated action.

Regulatory change is progressing on advice, guidance and disclosure – including the FCA/HMT Advice–Guidance Boundary Review (aimed at enabling more personalised investment recommendations through ‘Targeted Support’); modernising the redress system; with joint industry ‘sprints’; the Consumer Composite Investments (CCIs) framework; review of client categorisation; and a ‘retail client’ disclosure overhaul.

Industry mobilisation is underway, with a coordinated public investment campaign for 2026 being led by the Investment Association, and comprehensive research mapping barriers from emotional hurdles to structural issues.

Long-awaited UK capital markets reforms are providing opportunities for ‘retail clients’ to participate in corporate bonds, IPOs and growth-stage companies, with the FCA explicitly recognising ‘retail clients’ participation as beneficial for market liquidity and investor fairness.

Pensions policy is back on the agenda, with The Pensions Commission reconstituted in July 2025 and an expanded remit covering adequacy, with a focus on building individuals’ long-term financial resilience and engagement with saving and investing.

Technology is widening access and relevance, with low-cost diversification, automation, and behavioural nudging increasingly mainstream – supported by the FCA’s sandbox and innovation pathways for ‘retail-client’ facing tools. New entrants from fintech and international platforms are driving innovation and creating competitive pressure for better user experiences.

This convergence of policy and regulatory momentum, industry innovation, and technological capability creates an unprecedented opportunity for coordinated action to maximise collective impact.

The IPO of **Beauty Tech Group** attracted strong interest from retail investors, with demand reaching around 10% of the total offer. Final retail allocation was 6% with approximately 1,900 individual investors participating via Retailbook, placing average orders of £5,000 – demonstrating clear appetite from individuals and engagement from the retail segment.

The urgent need for a strategy and stock-take

The UK’s challenge lies in the need for strategic coordination and collective impact, rather than capability. The building blocks exist – auto-enrolment, ISAs, FCA innovation pathways, industry campaigns, capital markets reforms – but they remain fragmented and undermined by a culture of risk aversion and investment aversion.

A British individual investment strategy must begin with evidence: a comprehensive stocktake of who is investing, what they are investing in and why, who is not investing, and why and segmented by income, region, age, and demographic group. Shared data would allow government, regulators, and industry to work from the same diagnosis, best enabling the design of well-informed targeted interventions that address real barriers and deliver meaningful impact. The FCA’s Financial Lives survey is a good starting point, but this report argues that more is needed.

The alternative is policy drift and piecemeal reform. This would leave the next generation with less financial resilience throughout their lives and poorer in retirement, while starving UK companies of capital for investment, innovation and growth.



Creating a UK where
investing is easy, normal
and inclusive

03

Creating a UK where investing is easy, normal and inclusive

A missing perspective: how people experience investing

Too much debate around individual investment focuses on capital flows and market structure, missing the fundamental question: what does it feel like to be a potential investor in the UK today?

This perspective gap is costly. Policymakers track aggregate data but focus less on why most cash savers have never considered investing, or what specific frictions prevent the average person from investing their savings productively. While many firms are innovating to improve customer experience, millions of adults with investable cash remain underserved, often due to structural barriers that make serving this market challenging.

The result is a system that works well for existing investors but creates barriers for newcomers. Well-intentioned reforms often prioritise market stability and consumer protection – both essential, but which can inadvertently add complexity and discourage confidence in first-time investors. Products meet regulatory requirements while struggling to communicate clearly with nervous savers. Guidance frameworks excel at preventing poor outcomes, but are less focused on actively encouraging good ones.

Saver journeys: today's reality vs. tomorrow's potential

We illustrate the individual investment challenge through four common saver journeys. These are stylised portraits, based on research and customer insights from firms, highlighting the frictions today, and how strategic reform can unlock confidence and clarity.

The cost of caution – Emma, 38, nurse in Leeds

(Representing millions of public sector workers with stable income but limited investment experience)

Today's reality:

Emma earns £39,000 and has built up £24,000 in cash savings across multiple accounts. She contributes to her NHS pension but has never used an ISA, therefore missing out on the opportunity of £20,000 tax-free savings and investments. When she researched investing online, she was overwhelmed by risk warnings, conflicting platform reviews, and jargon-heavy fund descriptions. She tried to open a stocks and shares ISA twice but abandoned the process due to complex forms asking about her "investment experience" and "risk appetite" – concepts she found intimidating. She now keeps her savings in Premium Bonds and a 4% interest cash savings account,

knowing this will not keep up with inflation long-term. On her current trajectory she will be one of the women who are 50% more likely than men to never hold an equity.¹⁷

Tomorrow's potential:

Emma receives a personalised nudge from her workplace financial wellbeing platform: "You have built strong savings – ready to make your money work harder?" She is invited to a short, interactive module titled '*Investing for the First Time*', which uses relatable stories and visuals to explain key concepts like risk, diversification, and compound growth.

She is then guided to an 'Investment ISA', clearly labelled with an investment starter badge which includes a default diversified fund aligned with her long-term goals, with a contextualised risk warning, a confidence score showing how her choices match her preferences, and a 30-second explainer video for each fund option. Emma can preview how her £200 per month could grow under different market conditions. She understands the product is a good step for someone like her who is just beginning her investment journey. She sees both the risks and potential rewards of her investment, and that even modest contributions can lead to good outcomes.

The onboarding journey is seamless, with no jargon and no pressure. She receives monthly nudges like: "You are on track – here's how your investments are doing", "your portfolio is down 5% but is still up 12% over the last three years", or "Want to learn about ethical investing? Here is a 2-minute read". Emma now feels in control. She is not just saving – she is investing with purpose.

Key policy issue – the cost of caution:

At 3%+ inflation, the purchasing power of Emma's £24,000 savings is likely to be eroded by inflation. If Emma keeps £18k in Premium Bonds for 20 years, she should also expect a modest negative real return on average. If instead her surplus moved gradually into low-cost, diversified investments within an ISA, to deliver a 5% return on average, that £18k could compound to nearly £48,000 in today's money.¹⁸

Over 70% of people who have not invested in a stocks and shares ISA have never even considered doing so.¹⁹

¹⁷ https://cdn.robinhood.com/assets/robinhood/legal/rh_freedom_to_invest_report.pdf

¹⁸ equivalent to about £26,000 in today's money after adjusting for inflation.

¹⁹ Oxera on behalf of The Investing and Saving Alliance, The keys to unlocking greater investment in Stocks and Shares ISAs, November 2022.

The illusion of engagement – Mo, 28, self-employed designer

(representing millions of under-35s active on trading apps without long-term planning)

Today's reality:

Mo, 28, is a self-employed designer. During the pandemic, he opened a trading app and now holds a handful of US tech stocks and some cryptocurrency. He checks the app most days, experiencing the thrill of gains and the sting of losses. But he has never committed to keeping his savings in a stocks and shares ISA or invested in a UK fund. With no employer pension and an irregular income, he has little exposure to long-term investment channels. Mo feels active and informed, but his savings sit in non-diversified, tax-inefficient products.

Tomorrow's potential:

If digital platforms embedded smart prompts and comparison tools, Mo could see that diversified funds in an Investment ISA could be cheaper, steadier, and more rewarding over time. Clearer cost-return disclosures would show how compounding beats speculation. Guidance rules reform could allow his trading app to nudge him towards diversified portfolios in tax-advantaged wrappers, without crossing the line into full advice. Framed as 'normal investing', Mo could steadily grow wealth from small contributions, building a base of long-term investing alongside his freelance income.

Key policy issue – illusion of engagement:

Millions like Mo are engaged with markets, but in high-risk, tax-inefficient ways. The challenge is not creating engagement, which already exists, but rather channelling it toward diversified, long-term wealth building. Better nudges and guidance could convert speculative activity into sustainable investing, resulting in less volatile outcomes for individuals and a greater contribution to the UK economy.

'Round up investing' in **Monzo** is a feature that lets you automatically invest the spare change from your everyday purchases. It helps individuals build up investments passively without feeling the pressure of making big investment decisions.

Stuck in default – Rashmi, 52, SME business owner

(representing c.2 million mid-life self-employed with cautious pension defaults)

Today's reality:

Rashmi, 52, runs a small HR consultancy. She has built up a £150,000 pension pot — but most of it sits in cautious default funds. These 'lifestyle' funds automatically shift her investments from equities to bonds as she approaches retirement age. Generally this is designed to reduce risk as pension scheme members approach retirement. But it can also reduce exposure to higher-risk assets as she nears retirement, which can limit growth potential for her final working years. She also keeps extra savings in cash ISAs. She knows she should review her options but is digitally cautious and finds the process overwhelming: dashboards are full of acronyms, disclosures are hard to compare, and labels are inconsistent. With no adviser, she bears the decisions alone and often feels paralysed.

Tomorrow's potential:

With well-timed, mid-life guidance, Rashmi could be prompted to rebalance her portfolio toward growth assets in a way that feels responsible. Plain-language disclosures and simpler ISA transfers would help her shift cash into investments. With these reforms, Rashmi could adjust her holdings, compounding returns before retirement while putting more capital to work in UK markets. Rashmi may want to keep some of her pension savings invested in equities when she retires, and use a drawdown product, rather than opting for an annuity straight away, in which case lifestyle becomes less desirable. She may choose to retire later than she initially expected.

Key policy issue – stuck in default:

Millions of mid-life savers are in defaults that may not fully reflect longer working lives or evolving retirement choices. Without appropriate guidance and support, savers may not optimise outcomes, missing opportunities to continue to grow wealth to support them through retirement.

Robinhood Learn embeds education where users most need it. It helps beginner investors build confidence through clear, jargon-free articles on investing basics. Available to all users, it reduces knowledge barriers and supports more informed decision-making.

Trust deficit – Margaret, 67, a retired teacher in Bristol (representing c.7–8 million retirees relying on pensions and cash savings)

Today's reality:

Margaret, 67, is a retired teacher in Bristol. She has a defined-benefit pension and £40,000 in Cash ISAs. She has never considered investing, saying she would “rather lose quietly to inflation than risk losing outright”. Each time her ISAs mature, she simply rolls them over, never prompted to explore alternatives. She knows inflation erodes her money, but mistrust of investment products makes her reluctant to act.

Tomorrow's potential:

If ISA rollover notices included tailored guidance, Margaret could be offered cautious investment options designed for older savers. Simpler, trust-building disclosures — focusing on security as well as growth — would help her preserve purchasing power without undue risk.

Key policy issue – trust deficit:

Older savers like Margaret embody a deep **mistrust of investment products**. Without interventions at critical moments (e.g. ISA renewal), billions will remain in cash, eroding household wealth and limiting capital markets participation.

39% of male and 59% of female potential investors don't feel confident they could make good investment decisions.²⁰

From individual barriers to systemic solutions

These stories show how various barriers including confusion, mistrust, fear and inertia stem from system design. Each reflects a failure of joined-up policy: disclosures and adverts that warn of the risk of loss but don't inform about the potential returns, pensions that default into caution, and tech channels that engage but don't sustain long-term saving. A lack of financial engagement, education and confidence is a confounding factor for many.

Each barrier exists because policy, regulation, industry practice and consumer education operate in isolation.

The outlined policy reforms will not eliminate investment risk: markets can fall, and companies can fail.

The question is whether people are making informed choices about risk appropriate to their circumstances and timelines. Better education means understanding that short-term volatility is normal, that diversification reduces risk, and that long time horizons allow recovery from downturns. The goal is not to eliminate cautious savers, but to ensure caution is based on understanding rather than fear or confusion.



²⁰ Robinhood, Freedom to invest, June 2025, available at: https://cdn.robinhood.com/assets/robinhood/legal/rh_freedom_to_invest_report.pdf

Key asks of government

04

Key asks of government

The UK already provides significant tax incentives for saving and investing through ISAs and pensions, representing a substantial fiscal commitment. However, decades of disjointed policymaking have left these incentives disconnected from household investor participation goals and economic policy. Complexity, inconsistent messaging, and a lack of coordination between policy (including tax), regulation, and education mean millions who could benefit from these incentives never use them.

This report makes three core asks of government and regulators that are mutually reinforcing. The 'North Star' strategy would create alignment between policymakers, regulators and industry quickly and at low cost. The scorecard would provide the common evidence base to guide action. Financial education is the longest-term challenge, the hardest to deliver, but the most transformational. We recommend the government prioritises these actions in that sequence.

01 A 'North Star' strategy for individual investment

Ask: The government should commit to a long-term, cross-departmental individual investment strategy that aligns policy, fiscal incentives, regulatory frameworks and the communication narrative.

Why it matters:

- In the UK, policies touching individual investing originate in multiple departments (HM Treasury (HMT), HM Revenue & Customs (HMRC) and Department for Work & Pensions (DWP²¹) and regulators (FCA, the Pensions Regulator (TPR)) without full alignment. There is no national set of goals or shared definition of success, causing initiatives to compete for attention and confuse consumers.
- A government-backed strategy would enable investment product and service providers, platforms, asset managers, and intermediaries to invest in innovation in products and guidance tools, and consumer engagement, with confidence.

What it should include:

- A long-term strategy to get many more UK households benefiting from investment returns — linked to economic growth and resilience.
- A formal, coordinated roadmap across departments and regulators (HMT, HMRC, FCA, TPR, DWP) for implementation.
- Alignment of tax policy (e.g. ISAs, pensions), information about risk versus reward, and advice rules with participation goals.
- Clear and sustained narrative leadership: public statements of ambition for the UK to become a nation of investors, reiterate the benefits of investment and reduce stigma around terms such as 'shareholder', 'dividend' and 'profit'.

How it could be delivered:

- Ministerial ownership: Government should designate HMT as the lead department with a named minister taking direct responsibility for the individual investment strategy.
- Coordination mechanisms: Establish a quarterly cross-departmental steering group with HMT, HMRC, TPR, FCA and DWP, supported by industry advisory panels and annual progress reviews.
- Timeline: Strategy published within 12 months. Given the long-term nature of achieving change on this agenda, the first annual progress report should take place at 24 months, with a full implementation review after five years after launch.
- Public communication: Launch with a major economic speech positioning individual investment as central to UK competitiveness, followed by coordinated public engagement and information campaigns across relevant bodies. This could naturally be sequenced alongside the forthcoming industry individual investment campaign that the government has sponsored.

02 A shared individual investment scorecard

Ask: Government, regulators and industry should co-develop an 'individual investment scorecard'. This would measure not just amounts invested, but participation, sentiment, behaviour and investor outcomes over time.

Why it matters:

- Current data is too fragmented: the FCA Financial Lives survey, HMRC ISA stats, and ONS household data are not joined up, lack segmentation, and are published at long intervals.
- Without consistent metrics, it is difficult to track what is working – or calibrate protections to different investor groups.
- Leading international markets have robust data frameworks: the US Federal Reserve's Survey of Consumer Finances, Sweden's public fund participation reporting, and the Australian Prudential Regulation Authority (APRA) superannuation dashboards enable evidence-based policymaking.
- Platforms and providers hold rich behavioural data, but no shared protocol exists for contributing it anonymously to inform policy development.

What it should include:

- Headline metrics (e.g. proportion of adults holding investments, average holdings, household asset mix).
- Behavioural indicators (confidence levels, understanding of risk, comfort with digital tools)²².
- Engagement metrics (number of active ISA investors, use of guidance tools).
- Outcome indicators (returns, diversification, resilience).

²¹ This strategy focuses on voluntary retail investment outside workplace pensions (which are overseen by DWP through auto-enrolment and require different policy approaches).

²² While measuring subjective behavioral indicators presents methodological challenges, leading platforms already collect confidence and engagement data from users. A coordinated framework would standardize these metrics while acknowledging their inherently subjective nature.

How it could be delivered:

- Governance: Cross-industry steering group led by HMT and FCA, including members of TheCityUK's Retail investment Group and relevant trade associations representing platforms, asset managers, and wealth managers.
- Data contribution: Voluntary, anonymised data sharing from willing platforms and providers through a data sharing protocol, supplemented by enhanced official surveys.
- With help from any developments in open finance.
- Publication: Scorecard reviewed annually and published publicly with independent commentary, enabling course correction and policy refinement.
- Implementation timeline: Developed within 12 months using existing data sources, full scorecard operational within 18 months.
- Cost: Expected to be minimal in the pilot period providing behavioural data, already collected by firms, is collated and aggregated. Costs to be considered in the development of the scorecard.
- International benchmarking: Learn from successful models including Australia's APRA dashboards, the US SEC's Investor Experience Research, and Sweden's fund participation reporting.

03**A national financial education framework****Ask:**

The government should establish a financial education roadmap, take a more systematic approach to it in the school curriculum, workplaces, and key life moments – recognising this is a decades-long commitment requiring sustained funding and political support.

Why it matters:

- Only 47% of UK adults meet basic financial literacy standards (OECD average: 62%), with 44% classified as having poor financial literacy.
- Current UK provision is fragmented across MaPS, schools, charities and voluntary industry initiatives with no coherent delivery strategy, support or measurable outcomes.
- International evidence shows a direct correlation between systematic financial education and investment participation rates, though Swedish policymakers are keen to emphasise a 'learning by doing' approach to building investor confidence and experience.
- Japan's J-FLEC model shows systematic education can accelerate change but requires major institutional commitment: Japan created J-FLEC specifically because only 7% felt financially educated, implementing mandatory school curricula and setting 20% targets for individuals to recognise they have been given sufficient financial education by 2028.

What it should include:

- Adoption of the Curriculum and Assessment Review recommendations.
- Clear expectations on what should be taught in financial education as part of Citizenship in the UK curriculum and clear timelines for when changes will go live.
- Mandatory investment education in secondary schools – not just budgeting but long-term wealth building.
- Ongoing specialist training and support for teachers to provide the education as above.
- Build on the recommendation to 'Invest in teacher capability' in the Curriculum and Assessment Review and confirm that the Young Enterprise Centres of Excellence will be scaled.
- Enhanced MaPS remit with dedicated investment guidance at key life moments through the Money Helper platform (ISA renewal, pension consolidation, inheritance).
- Workplace financial education incentives (corporation tax relief on provision costs) – quick win leveraging existing employer infrastructure and more regular financial check-ins at key ages.
- Industry-government collaboration to support schools with training materials and co-develop content standards.
- Commitment to participate in OECD financial literacy surveys to benchmark progress against peer countries and identify areas for improvement.
- National literacy targets: Increase UK national financial literacy from 47% to 55% of UK adults by 2028, rising to 62% by 2035 to meet OECD's current global average.

How it could be delivered:

- Institutional ownership: Establish a UK equivalent to J-FLEC, jointly governed by DfE, HMT, and FCA – recognising this requires sustained cross-Parliament commitment.
- Phased implementation: Workplace incentives in the Autumn Budget 2026, confirmation of curriculum changes by September 2026; institutional infrastructure by 2028-30 if earlier measures are insufficient.
- Measurement framework: Annual financial literacy survey integrated with the scorecard, with flexibility to adjust approach based on what evidence shows drives actual participation increases.
- Industry partnership: Co-developed content standards, 'sandbox' learning environments, Collaboration with government to leverage existing employer and education infrastructure to enhance workplace support.

This financial education framework would complement the North Star Strategy and the scorecard, creating a mutually reinforcing system where education drives confidence and participation, measurement tracks progress and informs adaptation over time, and strategy ensures coordination.

Capital.com's Investmate app rewards progress with deeper content and a personalised learning path, keeping motivation high without gamifying real money. It uses goals-based learning to reward understanding and motivate users to reach the next stage of learning.

Operationalising the individual investment scorecard

05

Operationalising the individual investment scorecard

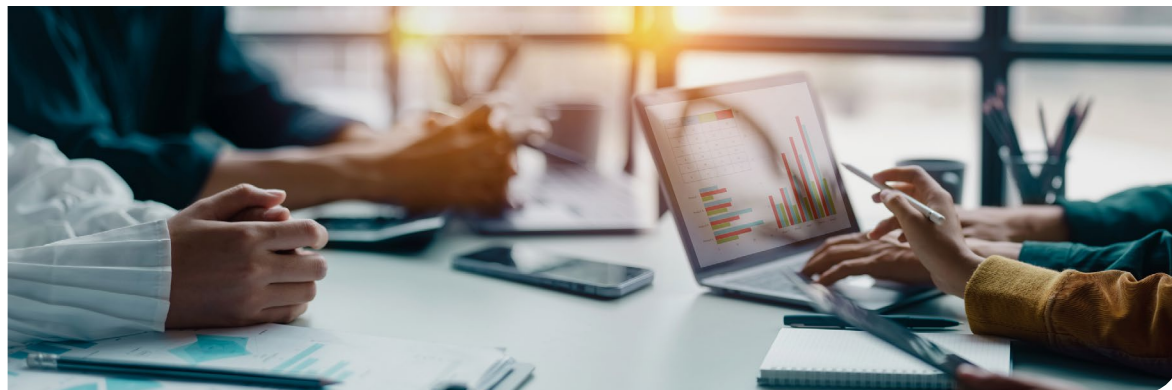
To bring the scorecard to life, we propose a structure built around four categories which captures not just savers' investment participation levels, but also their confidence, engagement and outcomes when they invest. This would enable everyone in the individual investment ecosystem, including policymakers, to see clearly where things are, where the gaps lie and where progress is happening.

Building on existing foundations

The scorecard would complement, not duplicate, existing data collection. The FCA's Financial Lives survey provides valuable insights, but is conducted only every few years, and its focus is not solely (or even primarily) investment. Meanwhile, HMRC's annual ISA statistics, published by the ONS, track flows but not engagement or outcomes. The ONS is also responsible for UK equity ownership data (ownership of UK quoted shares), but this is published infrequently and at a significant lag.

Our proposed scorecard could address today's shortcomings by including:

- **Behavioural indicators** sourced from platform providers collecting this data.
- **Standardised metrics** that enable meaningful comparisons between data sets and over time.
- **Demographic segmentation** to track inclusion progress, particularly with ISA contributions.
- **Forward-looking indicators** of confidence, intention to invest and engagement with new industry products and tools.



Scorecard categories and illustrative metrics

We propose that the scorecard focuses on headline indicators that can be measured, benchmarked and clearly communicated to policymakers and the public. Additional detailed metrics should be considered during operationalisation.

1. Participation

- Proportion of UK adults holding investments outside pensions (target: increase from 25% to 40% by 2030).
- Number of first-time investment ISAs opened annually.
- Cash-to-investment shift (e.g. number of adults holding >75% of their savings in cash).

2. Behaviour and confidence

- Percentage of adults who feel confident making investment decisions (annual survey).
- Average holding period for investments (measuring long-term vs short-term speculation).

3. Engagement and access

- Active Investment ISA accounts as a percentage of the adult population.
- Digital onboarding completion rates (industry average).
- Guidance-tool usage (e.g. reach of targeted support or other measures when launched).

4. Outcomes

- Percentage of investors holding a diversified range of investments (not single stocks/crypto only).
- Median real returns for individual investors versus inflation.
- Retail participation in UK equity markets (% ownership of UK-listed companies).

Minimum viable scorecard

Rather than building a comprehensive system from scratch, we propose starting with a pilot using readily available data:

- **Phase 1 (12 months):** Combine existing FCA, HMRC and ONS data with voluntary contributions from 5-10 major platforms to create baseline metrics across categories.
- **Phase 2 (12-18 months):** Expand to include standardised behavioural indicators and develop automated data collection protocols.
- **Phase 3 (2+ years):** Full integration with enhanced official surveys and comprehensive industry participation.

Governance and delivery

As outlined in Section 3, implementation would include:

- **Joint governance:** Cross-industry steering group led by HMT and FCA, including members of TheCityUK's Retail Investment Group and relevant trade associations representing commercial banks, platforms, asset managers, and wealth managers.
- **Data contribution:** Voluntary, anonymised data sharing from willing platforms and providers, supplementing official survey data.
- **Policy integration:** Scorecard findings formally incorporated into FCA policy consultations and HMT economic assessments.
- **Transparency:** Annual publication of the scorecard, with associated commentary.
- **Implementation timeline:** Pilot framework developed within 12 months using existing data sources, full scorecard operational within 18 months.

What is needed from the government:

- **HMT/FCA joint ownership of scorecard** development and annual publication, with named ministerial responsibility.
- **Commit resources for enhanced data collection:** consider expansion of Government surveys to include investment specifics, improve ONS equity ownership data timelines and granularity.

- **Publish baseline metrics within 12 months** using existing FCA/HMRC/ONS data to demonstrate commitment and create accountability.
- **Integrate scorecard findings into existing policy processes:** annual HMT economic assessments, FCA strategic reviews, and Parliamentary reporting on household financial resilience.

Industry participation framework

To ensure robust industry engagement while respecting commercial sensitivity:

- **Voluntary participation:** No regulatory requirement, but strong incentives through policy influence and public recognition of contributing firms.
- **Anonymised aggregation:** Individual firm data never published; only sector-wide trends and benchmarks shared.
- **Commercial safeguards:** Clear protocols ensuring commercially sensitive information remains protected while contributing to policy insight.
- **Reciprocal value:** Participating firms gain access to anonymised benchmarking data and early sight of policy developments.



From strategy to delivery: making it happen

06

From strategy to delivery: making it happen

The UK is already partway along the journey toward a more inclusive individual investment culture. The challenge now is to connect the strands, sequence reforms, and sustain coordination. The following roadmap sets out both the timeline of reforms and the three tracks that must work together to make change stick.

The path to a more inclusive investment culture is already well underway — the key is connecting the strands and ensuring coordination does not break down.

This timeline maps the major interventions, reforms and initiatives currently in motion across the UK retail investment landscape.

Forward map of interventions and responsibilities

Foundations laid (2020–2023)

- FCA Financial Lives survey reveals over 7 million people with >£10k in cash remain uninvested despite having capacity.
- Lord Hill's 2020 Review into the competitiveness of UK capital markets kickstarts programme of widescale reform, with a dedicated section on retail.
- Significant progress made on listing and prospectus rules, research provision and pensions.
- TISA and other industry coalitions campaign to reform risk warnings and disclosures.

Momentum building (2024–2025)

- **Industry research accelerated:** Barclays, Robinhood and others published comprehensive behavioural studies.
- **Regulatory progress:** The Advice-Guidance Boundary Review (AGBR) advanced a targeted support model.
- **Policy focus:** The FCA's consumer investments strategy entered the implementation phase.
- **Industry coordination:** TheCityUK's Retail Investment Group was established to align cross-sector efforts.
- **Campaign development:** An industry-led investing awareness campaign was announced, led by the Investment Association.
- **Regulatory innovation:** The FCA tested simpler disclosure frameworks and innovation pathways.
- **Government engagement:** HMT explored ISA reforms and committed to LTAF access within ISA wrappers.
- **Curriculum and Assessment Review and Financial Inclusion Strategy published:** Set out measures to improve financial education, including making citizenship and financial education part of the curriculum in all primary and secondary schools.

Critical juncture (2025–2027)

Opportunities:

- **Delivery on reform agenda:** Delivery of initiatives in the government's reform agenda should continue at pace and drive thinking around the strategy.
- **Targeted support operational (2025):** Success will be reliant on clear consumer communication and engagement between industry and authorities to address outstanding issues such as direct marketing rules and the approach to redress.
- **Industry investing campaign launches:** Impact maximised with government/FCA endorsement.
- **ISA reform program:** Requires sustained political and industry commitment to clarifying the framework and communicating its benefits.
- **Retail access to UK corporate bonds and equity offerings** simplified under a new FCA Public Offers regime: Success depends on managing consumer protection concerns.
- **Industry risk warning work is implemented:** Moving towards more balanced, consistent and contextualised risk warnings across industry.

Challenges:

- **Digital assets mainstream regulation:** Crypto regulation will be essential to protect consumers and integrate these investors into the broader savings system; Tokenisation of real-world assets also offers new investment pathways, but regulatory treatment remains complex.
- **Proposed introduction of the scorecard:** With industry buy-in and government and regulator commitment.

Transformation (2027–2035)

- Coordinated 'North Star' strategy and agreed measures showing meaningful impacts on behaviour and outcomes.
- Retail investment normalised through policy, regulation, use of technology, culture and behaviours.
- UK retail participation rates approaching international peer levels.

Three tracks to get there (cutting across all phases)

Track 1: Policy coordination (Government)

- North Star announcement (leading to) cross-departmental steering group (leading to) ministerial ownership.
- Timeline: 12 months.

Track 2: Evidence foundation (Industry and government)

- Scorecard pilot (leading to) industry data sharing protocols (leading to) annual publication.
- Timeline: 6-18 months.

Track 3: Market development (Industry)

- Campaign launch (leading to) product innovation (leading to) consumer adoption.
- Timeline: 12-24 months.

These tracks are interdependent: policy without evidence risks poor targeting, evidence without policy risks paralysis, and market development without supportive frameworks risks fragmentation.

Turning ideas into action: immediate priorities (6-12 months)

Government actions:

- Autumn Budget 2025: Signal commitment with at least one flagship measure (stamp duty reform or education tax relief).
- Q4 2025: Launch the Individual investment North Star strategy with ministerial ownership.
- Q4 2025: Public commitment to ISA reform.

Joint industry-government initiatives:

- Q1 2026: Establish a pilot of the scorecard.
- Q2 2026: Establish quarterly delivery forum to track progress.

Fiscal priorities

- Near term: Wholesale review of Stamp Duty Relief Tax (SDRT) on UK share purchases.
- Medium term: Implement ISA reform; introduce corporation tax relief for employer-provided financial education programmes.

Structural enablers

- Make individual investment an explicit responsibility for the Economic Secretary to the Treasury (EST).
- Embed individual investment within UK capital markets competitiveness metrics.
- Create data-sharing protocols, enabling platforms to contribute anonymised insights to policy.

Conclusion

The UK can and must unlock the full potential of its citizens as investors, not just savers. This requires a clear pathway from foundational financial literacy to long-term wealth building.

For the government, the benefits are tangible: reduced inequality, increased investment in UK growth and productivity, stronger public finances, improved international competitiveness and more engaged citizens.

With a long-term strategy, backed by the right policy, regulatory frameworks and infrastructure, and with clear success measures, we can build a more dynamic, resilient, and inclusive investment culture.

TheCityUK and its members are ready to lead and deliver on this agenda. The foundations are in place. Now is the time to act and get the UK investing.



TheCityUK Research:

For content enquiries, further information about our work or to comment on this report, please contact:

Laura Dawson, Senior Manager, Policy, TheCityUK
Laura.Dawson@thecityuk.com
+44 (0)20 3696 0100

TheCityUK

TheCityUK, Fitzwilliam House, 10 St Mary Axe, London, EC3A 8BF

www.thecityuk.com

MEMBERSHIP

To find out more about TheCityUK and the benefits of membership visit **www.thecityuk.com** or email us at **membership@thecityuk.com**

This report is based upon material in TheCityUK's possession or supplied to us from reputable sources, which we believe to be reliable. Whilst every effort has been made to ensure its accuracy, we cannot offer any guarantee that factual errors may not have occurred. Neither TheCityUK nor any officer or employee thereof accepts any liability or responsibility for any direct or indirect damage, consequential or other loss suffered by reason of inaccuracy or incorrectness. This publication is provided to you for information purposes and is not intended as an offer or solicitation for the purchase or sale of any financial instrument, or as the provision of financial advice.

Copyright protection exists in this publication and it may not be produced or published in any other format by any person, for any purpose without the prior permission of the original data owner/publisher and/or TheCityUK. © Copyright November 2025.