



Beyond the buffer

—
An assessment of
retail investment
participation among
low- and moderate-
income households
in the UK



The
BlackRock.
Foundation

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Contents

Executive summary	2
Introduction	6
Background	7
Our approach	9
Insights	12
1. A fifth of people in low- and moderate-income households are investing, and participation is on the rise	13
2. Most investors in low- and moderate-income households rely on informal or self-directed sources of information about investing	22
3. More people in low- and moderate-income households have the financial capacity to invest but are not currently doing so	27
4. Barriers to investing extend beyond financial capacity	33
Conclusion and next steps	40
Annex: glossary of savings and investment products	42

Executive summary

Much of Nest Insight's research has focused on how to support low- and moderate-income households to build emergency savings and strengthen their resilience to short-term financial shocks. This work has shown that payroll-linked saving, particularly opt-out approaches, can be an effective and inclusive way to help households begin and sustain saving.

But what comes next after a household has an emergency savings buffer in place? Financial security extends beyond managing immediate needs and coping with unexpected costs. For many households, it also involves building assets and pursuing longer-term goals. Nest Insight is therefore undertaking exploratory research to understand opportunities for households to pursue wider financial goals and build wealth beyond emergency savings. There is growing interest in this area, with several reports examining how to increase retail investment participation across UK households. However, our research focuses specifically on low- and moderate-income households – a group that tends to be underrepresented in investing and wealth building more broadly.

This report draws on evidence from the Financial Conduct Authority's (FCA's) Financial Lives Survey and 17 interviews with industry, policy and consumer experts to understand how people in low- and moderate-income households are already engaging with retail investment, how many more could be participating, and what barriers they face. It is intended to provide a foundation for identifying where innovation in products, support and market design could better enable wealth-building among currently underserved groups. This reports also draws on the insights from qualitative research with 22 people living on low- and moderate-incomes conducted previously.

Expanding opportunities to build wealth benefits individuals and the economy

In Britain, around £8 in every £10 of household wealth was held in either pensions or property in 2020-22. Given the scale of wealth held in these assets, they play a central role in shaping people's position in the wealth distribution and their ability to move up or down in it. Public policy has long focused on wealth accumulation through pensions and property, including through automatic enrolment and support for home ownership. This paper instead examines financial assets, which form a smaller but still important component of wealth, and considers the role that investing can play in supporting households to build assets.

In addition to the potential benefits to savers, such as achieving higher returns, maintaining purchasing power, and offering greater peace of mind and a sense of control, there are also important economic reasons to support wealth building. Higher levels of retail investment could channel more capital to UK businesses, supporting innovation, productivity and growth. These benefits help explain a growing policy focus on encouraging investment, including changes to cash ISA limits, the introduction of a new targeted support framework, a review of investment risk warnings, and a public campaign launching in April 2026 to promote the benefits of retail investment.

Expanding opportunities to build wealth is also important for fairness and social cohesion. Wealth has grown faster than income since the 1980s, widening the "wealth gap" between richer and poorer families. Larger gaps make it harder to move up the wealth distribution through saving alone, and this is particularly relevant for people from low-income families who tend to experience less upward mobility than those from higher-income families, even at similar levels of wealth. Given these dynamics, there will be benefits to widening investment participation among low- and moderate-income households, enabling them to share in the passive gains that have driven much of the growth in household wealth in recent decades.

A fifth of people in low- and moderate-income households are investing, and participation is on the rise

A meaningful number of people in low- and moderate-income households already hold financial investments, and participation has been increasing. In May 2024, around one in five (21%) non-retired adults aged 25 to 64 in low- and moderate-income households held financial investments outside pensions, equivalent to around 2.3 million people. However, higher-income households remain far more likely to invest. While participation among low- and moderate-income households rose from 14% in January 2017 to 21% in May 2024, it increased more quickly among higher-income households, rising from 35% to 44%, widening the investment participation gap.

Participation trends also differ across groups within the low- and moderate-income population. Participation among men has grown substantially, increasing from 16% in January 2017 to 26% in May 2024, while

participation among women saw little change, widening the gender participation gap. Younger adults have become far more engaged: in January 2017, only 6% of 25-34-year-olds living in low- and moderate-income households held financial investments, but by May 2024 this had more than tripled to 20%.

Most investors in low- and moderate-income households hold modest balances. Nearly two in five (38%) investors living in low- and moderate-income households had less than £1,000 invested in May 2024, and a further 27% held between £1,000 and £4,999. This shows that investing is not limited to those with large amounts of capital and may reflect the growth of small-scale investing.

The most common way investors in low- and moderate-income households engage with markets is through direct share ownership, with nearly half (47%) of those who are investing holding shares in listed companies. This is higher than the proportion using a stocks and shares ISA (28%), suggesting many investors are operating outside tax-advantaged wrappers. Despite attracting a great deal of attention, only 16% of investors in low- and moderate-income households held cryptocurrencies or crypto assets in May 2024 (down from 20% in May 2022).

Importantly, those with high-risk investments are generally positive about their choices: nearly four in ten (39%) reported no regrets, while 24% said they wished they had invested in these products earlier and 11% wished they had invested more. However, diversification appears limited, as around half (47%) of those holding high-risk investments did not hold any traditional investment products.

Most investors in low- and moderate-income households rely on informal or self-directed sources of information about investing

Many investors do not actively seek information about investing, and those in low- and moderate-income households are less likely to do so than higher-income investors. For example, 29% of investors in low- and moderate-income households reported that they did not access any information about investing in the 12 months to May 2024, compared to 18% of investors in high-income households.

When people do seek information, sources vary. Younger investors rely more heavily on digital and peer-driven channels such as video platforms and online forums, while women are more likely to use formal sources such as money advice and government websites. Those holding high-risk investments rely particularly heavily on informal and unregulated sources, highlighting the growing role of social and digital channels in shaping investment decisions and the potential risks associated with them.

More people in low- and moderate-income households have the financial capacity to invest but are not currently doing so

Around 9 million non-retired people aged 25 to 64 in low- and moderate-income households were not investing in May 2024, and for many, this is likely a sensible decision. Guidance widely recommends building a liquid savings buffer before investing, as accessible savings allow households to respond quickly to unexpected costs without needing to withdraw from investment products, which can take time and may involve risk. We find that nearly half (48%) of people living in low- and moderate-income households had less than £2,000 in cash savings and were not investing in May 2024 – equivalent to around 5.5 million people. This suggests that strengthening emergency savings should be the immediate priority for a large proportion of people in low- and moderate-income households as a foundation towards being in a position to invest in future.

People also frequently decide to hold money in cash if they expect to need it in the near future. However, there is evidence that some non-investors could be holding large amounts in cash over long periods, potentially limiting the returns on their savings. Among people living in low- and moderate-income households, around one in three (34%) non-investors with at least £5,000 in cash savings said they had no plans to withdraw a significant portion of their cash savings, compared with a quarter (25%) of investors. For these individuals, reviewing financial and life goals and whether cash remains the most appropriate home for longer-term, savings may be valuable.

While there is no clearly defined threshold at which people should begin investing, some 'general rules of thumb' have been adopted across the industry, such as holding £10,000 in cash before investing and being able to leave the money invested for at least five years.

Applying these criteria suggests that around 500,000 people in low- and moderate-income households may have the financial capacity to invest. However, these rules of thumb have important limitations. The £10,000 benchmark can be unrealistic for many, particularly those on low- and moderate-incomes, and may discourage engagement by making investing feel forever out of reach. It also possibly reflects a misinterpretation of earlier

policy work, which suggested that people with £10,000 in investible assets might benefit from investing – not that this level of cash savings is a prerequisite.

Similarly, the five-year rule can be misunderstood. It may lead people to believe that investments are effectively locked away for five years, or that a positive return is guaranteed after this period – neither of which is true. Investments remain accessible, and market outcomes are uncertain at any point.

In contrast, a £2,000 savings threshold could provide a more practical and evidence-based starting point beyond which people could be in a position to begin investing alongside saving. Holding savings at this level is associated with a significantly lower risk of falling into debt, making it an appropriate indicator of short-term financial resilience. Using this threshold – alongside having no high-cost credit or arrears – increases the number of people in low- and moderate-income households who could potentially invest to around 2.3 million. We believe that this approach focuses on ensuring basic financial security while enabling more people to begin investing earlier and building wealth over time, particularly as people can regularly invest small amounts while continuing to build their emergency savings.

Put in a different way, a fifth (20%) of people in low- and moderate-income households had more than £2,000 in cash savings and no high-cost credit or arrears, but were not investing in May 2024. This suggests there is scope to significantly increase participation – potentially doubling the number of investors – without undermining financial resilience. However, financial capacity alone does not determine participation.

A substantial minority of low- and moderate-income households are already investing but could be exposed because they lack a sufficient cash buffer

On the other hand, over a third (35%) of people who are already investing in low- and moderate-income households had less than £2,000 in cash savings. This is equivalent to around 800,000 people, or 7% of those living in low- and moderate-income households.

These individuals are far less able to absorb losses without affecting their current or future lifestyle and wellbeing. For example, nearly half (47%) of this group said they could not afford to lose any of their invested money, compared with just one in five (20%) among those with £2,000 or more in cash savings. This suggests that there are some people in low- and moderate-income households that are investing despite having limited financial resilience, leaving them more exposed to financial harm if investments perform poorly.

Barriers to investing extend beyond financial capacity

Barriers to investing extend well beyond financial circumstances. Risk aversion is a significant factor, with non-investors much more likely than investors to report unwillingness to take any risk for higher returns. For example, in May 2024, nearly a third (32%) of non-investors with £2,000 or more in cash savings said they were unwilling to take any risk to achieve higher returns, compared with just 11% of investors. Gender differences are notable, with women reporting greater risk aversion than men.

Low confidence is also widespread. Many expert interviewees described “choice paralysis”, where the range and complexity of options leads people to avoid decisions altogether. Consistent with this, a lack of confidence is reflected in the data: 71% of non-investors with at least £2,000 in cash savings reported needing additional support from an expert or adviser, or through impartial information or guidance in deciding whether to invest their money, compared with around 41% of investors.

Non-investors are also less likely to recognise that holding cash can carry risks, such as loss of value over time. For example, 19% of investors living in low- and moderate-income households disagreed with the statement that there is no risk involved in holding money in cash savings, compared with just 8% of non-investors. This lower confidence and financial knowledge is important context when considering the uptake of financial advice.

Financial advice remains uncommon for both investors and non-investors, with less than one in five (16%) investors in low- and moderate-income households reported receiving financial advice in the 12 months to May 2024, compared with just 4% of non-investors. This suggests that improving access to advice and guidance could help strengthen confidence and participation.

And finally, perceptions and social context also matter, as some people feel investing is not for “people like me” and may lack peers or family who invest, limiting opportunities for informal learning and reassurance. Overall, this evidence suggests that these contextual barriers all contribute to inaction – even among those with the financial potential to invest.

Conclusion and next steps

This research finds there is scope for many more people in low- and moderate-income households in the UK, who already have a foundation of short-term financial resilience, to begin investing. Depending on the approach taken to estimating this potential, this could see the number of low- and moderate-income households investing up to double. Starting to participate in investment alongside saving could support their longer-term financial security and asset building. However, progress will be dependent upon addressing behavioural and attitudinal as well as structural barriers, ensuring that solutions are inclusively designed to the needs and contexts of people in low- and moderate-income households, and not just higher earners.

The next phase of this work will focus on how participation might be appropriately widened in practice. By examining how changes across product design, service provision, policy and workplace channels could better support low- and moderate-income households, we aim to identify practical innovations suitable for real-world testing. We welcome engagement from organisations with ideas for new solutions or approaches, and from those interested in partnering with us to test these innovations through real-world trials.

Introduction



Introduction

Background

A joined-up view of household financial security

For most households, financial security is not a single state but a series of steps that build on one another over time. People first need to be able to budget and manage cashflow day to day. Then they need to have a buffer of cash savings to weather immediate financial shocks. Usually only with these stable foundations in place does it become possible to work towards future goals and longer-term needs. These steps are often not linear, and people move through them at different speeds, and go backwards and forwards between them. But they provide a useful framework for understanding where households are today and what support, solutions and policies might help them progress towards greater financial security.

Nest Insight's work considers household finance holistically, looking at the interactions between shorter and longer-term financial security. Our Real Accounts research highlighted the lived reality of the around 25 million people in the UK who experience some degree of income volatility. The cognitive load of managing volatility creates both practical and emotional strain by making it harder to meet regular commitments and plan for the future.¹ Our research on emergency savings has demonstrated the value that even a small amount of cash savings can have in giving people greater resilience to cope with spikes in expenses or dips in income, as well as bringing a sense of control and peace of mind.² And throughout our programme we look at how saving for retirement interacts with money management in the nearer term. We know that short-term financial resilience supports retirement saving. We've looked at ways that liquid savings for today and retirement saving can be joined up and sequenced in ways that work better for people.³

There is much more work to be done to sure up the financial footings of households who are held back from progressing because they are coping with volatility or lack resilience today. But, in this work, we explore the next steps that a household might take to continue to build financial security beyond emergency savings, once that buffer is in place.

For many households progress also means being able to pursue longer-term goals and accumulate assets. In Britain, around £8 in every £10 of household wealth was held in either pensions or property in 2020-22.⁴ Given the scale of wealth held in these assets, they play a central role in shaping people's position in the wealth distribution and their ability to move up or down in it. Policy has long focused on strengthening opportunities to accumulate wealth through these channels, including through automatic enrolment and support for home ownership. This paper instead concentrates on financial assets, a smaller but still important component of wealth.

Expanding opportunities to build wealth benefits individuals and the economy

Investing can play a key role in asset accumulation and preserving purchasing power: over the past decade, money left in cash has grown only modestly, while investments in equities have delivered substantially higher returns. For example, Figure 1 shows that if someone had saved £100 in an average instant-access savings account ten years ago (January 2016), they would have just £109 today (January 2026). If they had instead invested in the FTSE 100, they would have £223, and if they had chosen global equities, their savings would now be worth £267. Expanding opportunities to build wealth through investing therefore has the potential to strengthen long-term financial security for households.

¹ Nest Insight (2024), [Fluctuation Nation: Lifting the lid on the millions of people managing a volatile income](#)

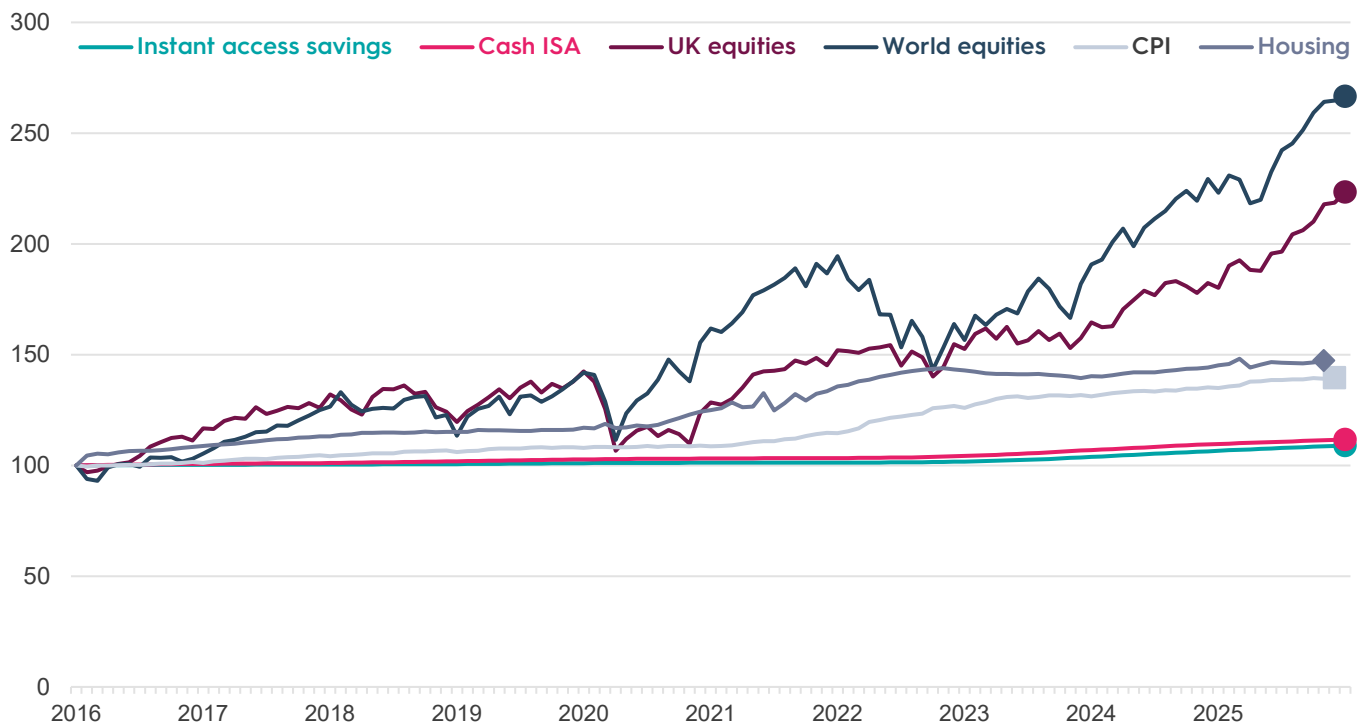
² Nest Insight (2025), [Easier to save](#)

³ Nest Insight (2023), [Workplace sidecar saving in action](#) and Nest Insight (2025), [Simplifying retirement savings for self-employed people](#)

⁴ Resolution Foundation (October 2025), [Before the fall: The distribution of household wealth in Britain and the impact on families](#)

Figure 1: Equities have performed strongly since the pandemic

Indexed value of financial assets and housing (January 2016=100): UK and global



Notes: Equities are for month-ends.

Source: Bank of England, Effective interest rates; FTSE Russell, FTSE All-Share Index TR; MSCI, MSCI World Index TR; ONS, UK House Price Index; ONS, CPI index.

Beyond improving returns for savers, there are also broader economic and social reasons to encourage greater participation in investing. Higher levels of retail investment can channel more capital to UK businesses, supporting innovation, productivity and growth, albeit there is some dispute over the extent to which access to capital is a key constraint for business investment.⁵ These benefits help explain a growing policy focus on encouraging investment including:

- › In the 2025 Autumn Budget it was announced that, from 6 April 2027, the annual cash ISA allowance for under-65s will be capped at £12,000, meaning that those wanting to use the full £20,000 ISA allowance will have to put some money into a stocks and shares ISA, a Lifetime ISA or an Innovative Finance ISA.⁶
- › The introduction of a new ‘targeted support’ framework which would allow authorised firms to provide more tailored guidance on investments and pensions, including making recommendations to groups of consumers with similar circumstances. Under this regime, firms will be able to help people with substantial savings consider investing and suggest suitable products.⁷
- › Initiatives announced as part of the Leeds Reforms, including a review of investment risk warnings and a public campaign launching in April 2026 to promote the benefits of retail investment.⁸

Expanding opportunities to build wealth matters for fairness and social cohesion. Since the 1980s, wealth has grown faster than income. As wealth values have risen, the cash gap between richer and poorer families – or, the “wealth gap” – has widened sharply. Larger wealth gaps across the wealth distribution makes it increasingly difficult for those lower down to climb the wealth ladder through saving alone. And this is particularly relevant for

⁵ Social Market Foundation (February 2026), [A nation of small investors: Increasing the proportion of British households actively investing](#)

⁶ HM Treasury (November 2025), [Budget 2025](#)

⁷ FCA (December 2025), [Supporting consumers’ pensions and investment decisions: rules for targeted support](#)

⁸ HM Treasury (July 2025), [Rachel Reeves Mansion House 2025 speech](#)

low-income households: recent evidence suggests that even at similar levels of wealth, individuals from lower-income families experience less upward mobility than those from higher-income households.⁹ This is further compounded by the fact that inheritances are projected to grow for younger generations and are distributed unequally, with higher-income households set to receive larger inheritances than low- and moderate-income households. This could widen existing wealth gaps and further limit opportunities for low- and moderate-income individuals to move up the wealth ladder.¹⁰

Given the advantages that building wealth can bring, there is an opportunity to consider solutions that could widen asset ownership, so that low- and moderate-income households can share in the passive gains that have been a major driver of rising household wealth in recent decades, and benefit from economic growth as capital markets put their savings to work financing companies, infrastructure and jobs.¹¹ In this context, Nest Insight is undertaking a programme of exploratory work to understand how people – particularly those in low- and moderate-income households – can be better supported to make their money work harder and move towards greater long-term financial security. This includes but it is not limited to investing.

Our approach

This report is the first of a wider programme of work around building wealth for low- and moderate-income households in the UK. It sets the scene by examining the current landscape, identifying which low- and moderate-income households are already investing, estimating how many others may have the potential to do so, and starting to identify what barriers are holding them back from making their money work harder.

The report brings together evidence from:

- › Analysis of the Financial Conduct Authority's (FCA's) Financial Lives Survey.¹² More details on the data sources and analyses are available in Box 1.
- › 17 interviews with industry, policy and consumer experts conducted in late 2025 and early 2026.
- › Qualitative research with 22 people living in low- and moderate-income households conducted previously in 2023 to explore wealth-building contexts and considerations at a household level. Participants completed a daily reflection over a week and took part in an in-depth interview. Some also participated in follow-up group discussions.

It provides a foundation for identifying where innovation in products, support and market design could better enable wealth-building among groups that are currently underserved.

⁹ Resolution Foundation (October 2025), [Before the fall: The distribution of household wealth in Britain and the impact on families](#)

¹⁰ Institute for Fiscal Studies (April 2021), [Inheritances and inequality over the life cycle: what will they mean for younger generations?](#)

¹¹ Resolution Foundation (October 2025), [Before the fall: The distribution of household wealth in Britain and the impact on families](#) and BlackRock (March 2026), [Larry Fink's 2026 Annual Chairman's Letter to Investors](#)

¹² The Financial Lives Survey is a robust large-scale quantitative survey, conducted by the FCA. It establishes levels of product ownership in retail banking, retail investments, savings, credit including mortgages, general insurance and protection, and pension products. It also establishes the level of use of regulated financial advice (advice incidence) and has a section covering assets and debts. The 2024 survey is the fourth survey undertaken by the FCA and the full data includes approximately 18,000 individual level records from across the UK. Previous surveys were conducted in 2022, 2020 and 2017. For more information see: Geographic Data Service (accessed February 2026), [FCA Financial Lives Survey](#). The data for this research have been provided by the Geographic Data Service, a Smart Data Research UK Investment, under project ID GeoDS 3290, ES/Z504464/1.

Box 1: Methods and definitions used for the analysis in this report

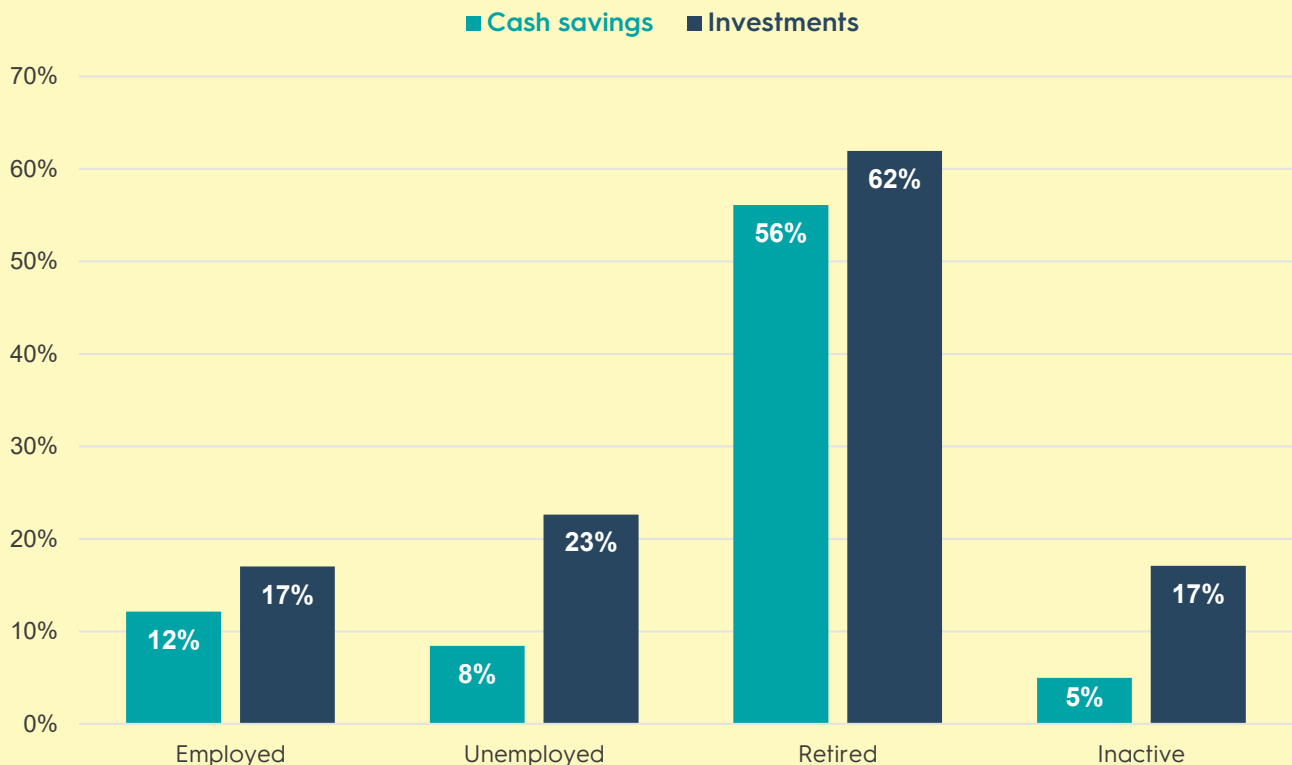
All analysis in this report is limited to non-retired individuals aged 25 to 64. This reflects the purpose of the research, which is to understand how many people in low- and moderate-income households could potentially benefit from making their money work harder. Figure 2 shows that people below State Pension age who are already retired tend to hold substantial savings in cash and investments. For example, in May 2024, more than three in five (62%) people under the age of 65 who were retired had £20,000 or more in financial investments. This suggests that, despite living in low- or moderate-income households, many are likely drawing down accumulated assets to support their living standards.

As a result, this group is not the primary focus of this research, as they have, in many cases, already built up meaningful financial assets. However, this does not mean they do not require support – ensuring portfolios remain aligned with retirement needs is important – but the policy challenges and potential solutions for this group are distinct from those working-age households focused on building wealth.

In addition, asset allocation decisions differ systematically by life stage. Those approaching or in retirement typically de-risk their portfolios as they begin to draw on their savings, while working-age individuals generally have longer investment horizons and greater capacity to tolerate risk. Limiting the analysis to non-retired working-age adults therefore provides a more accurate picture of investment potential and behaviour among the population of interest.

Figure 2: Those that retire before State Pension age tend to have large amounts saved in cash and investment products

Proportion of adults aged 25 to 64 living in low- and moderate-income households with £20,000 or more in cash savings or investments, by economic activity status: UK, May 2024



Notes: Low- and moderate-income defined as people who live in households with gross non-equivalised BHC income less than £40,000. Excluding 'don't know' and 'prefer not to say'.

Source: Nest Insight analysis of FCA, Financial Lives Survey

The income definition used in this analysis is based on gross non-equivalised, before housing costs (BHC) household income from all sources (including benefits), reflecting data availability in the FCA's Financial Lives Survey. Low income is defined as living in a household with an income below £20,000, moderate income is defined as living in a household with an income of £20,000 to £40,000, and high income is defined as living in a household with an income above £40,000. Data is in May 2024 prices.

The definitions used for cash savings and investments are based on those used by the FCA in the Financial Lives Survey.

- › Traditional investments products are defined as: investment funds, shares in a listed company or companies, corporate bonds or gilt/ government bonds, structured deposits, stocks and shares ISAs, Lifetime ISAs (invested), insurance bonds (investment bonds), and 'other' investments.
- › High-risk investment products are defined as: shares in an unlisted company or companies, investment-based crowdfunding, peer-to-peer lending, cryptocurrencies and cryptoassets, Innovative Finance ISAs, mini bonds and Contracts for Difference (CFDs).
- › Cash savings products are defined as: current accounts, savings accounts, National Savings and Investment (NS&I) bonds, credit union accounts, current accounts with a payment services institution or an e-money provider, Cash ISAs, Help to Buy ISAs, Lifetime ISA (in cash or don't know), and ISAs where the saver doesn't know if the money is in cash or invested.

Insights



1. A fifth of people in low- and moderate-income households are investing, and participation is on the rise

We begin by examining the extent to which people in low- and moderate-income households are investing.

We explore who these investors are, how participation has evolved over time, and the amount of money they hold in financial investments. We also delve into the types of products investors use, providing insight into whether participation is concentrated in mainstream products or extends into higher-risk or less traditional forms of investing, such as cryptocurrencies. Finally, we examine where investors obtain their information about investing, whether through formal advice channels, digital sources, or personal networks.

A fifth of people in low- and moderate-income households are already participating in investing

A meaningful group of people in low- and moderate-income households have financial investments. Figure 3 shows that, in May 2024 around one in five (21%) non-retired adults aged 25 to 64 in low- and moderate-income households held financial investments outside of pensions. This is equivalent to around 2.3 million people. However, investment participation is strongly linked to income, with 44% of those in higher-income households holding financial investments in the same period.

International comparisons suggest there is considerable scope to increase participation in investing. For example, the UK lags behind the United States, where recent research found that 54% of Americans on low- to moderate-incomes were retail investors.¹³ Notably, even those in higher-income households in the UK have a lower propensity to invest than those in lower- and moderate-income households in the US.

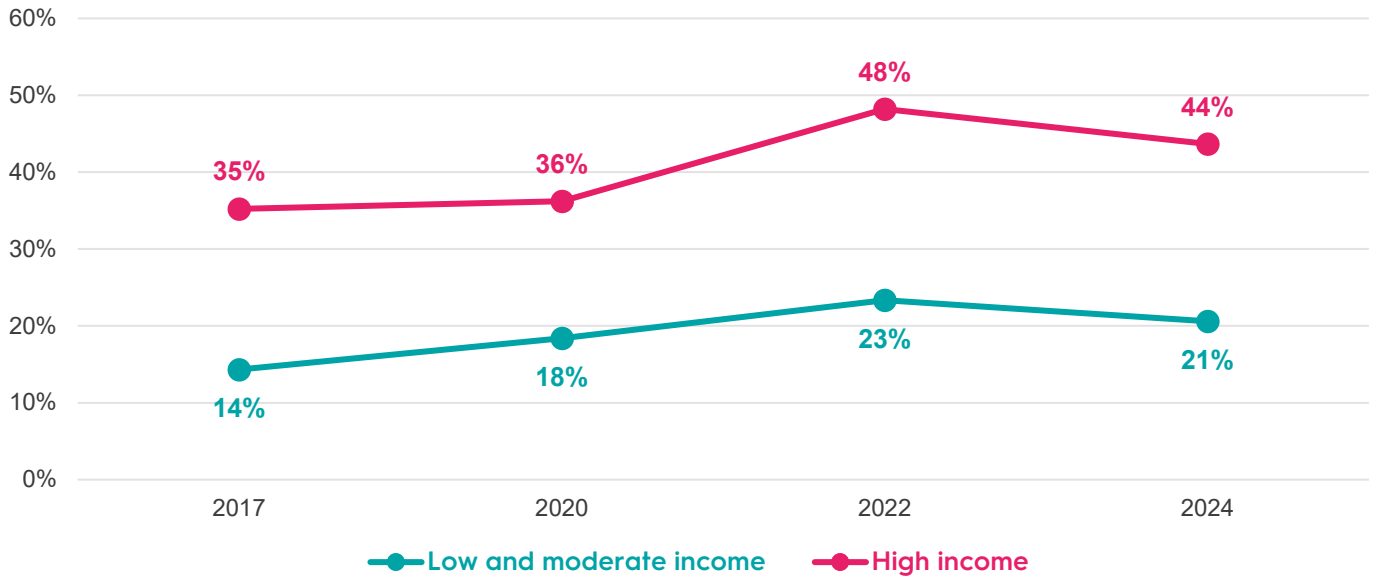
While investment participation has risen among low- and moderate-income households in recent years, it has grown even faster among higher-income groups, widening the participation gap. In January 2017 the gap stood at 21 percentage points; by May 2024 it had increased to 23 percentage points. Much of this divergence emerged between 2020 and 2022, when participation rose sharply among higher-income households. This likely reflects the uneven savings opportunities created during the Covid-19 pandemic, when higher-income individuals – who typically spend more on discretionary and social consumption – were more able to accumulate savings during lockdowns.¹⁴

¹³ This figure is from Commonwealth's 2025 nationally representative survey, which explores the behaviours, motivations, and challenges of individuals living on low and moderate incomes, defined as annual household income between \$30,000 and \$79,999. For more information see: Commonwealth (October 2025), [Understanding Today's Retail Investor](#)

¹⁴ Resolution Foundation (July 2023), [Peaked Interest?: What higher interest rates mean for the size and distribution of Britain's household wealth](#)

Figure 3: A fifth of people living in low- and moderate-income had financial investments in May 2024

Proportion of non-retired adults aged 25 to 64 that have financial investments, by household income group: UK, May 2024



Notes: In 2017 and 2020, low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £30,000, in 2022 and 2024, low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

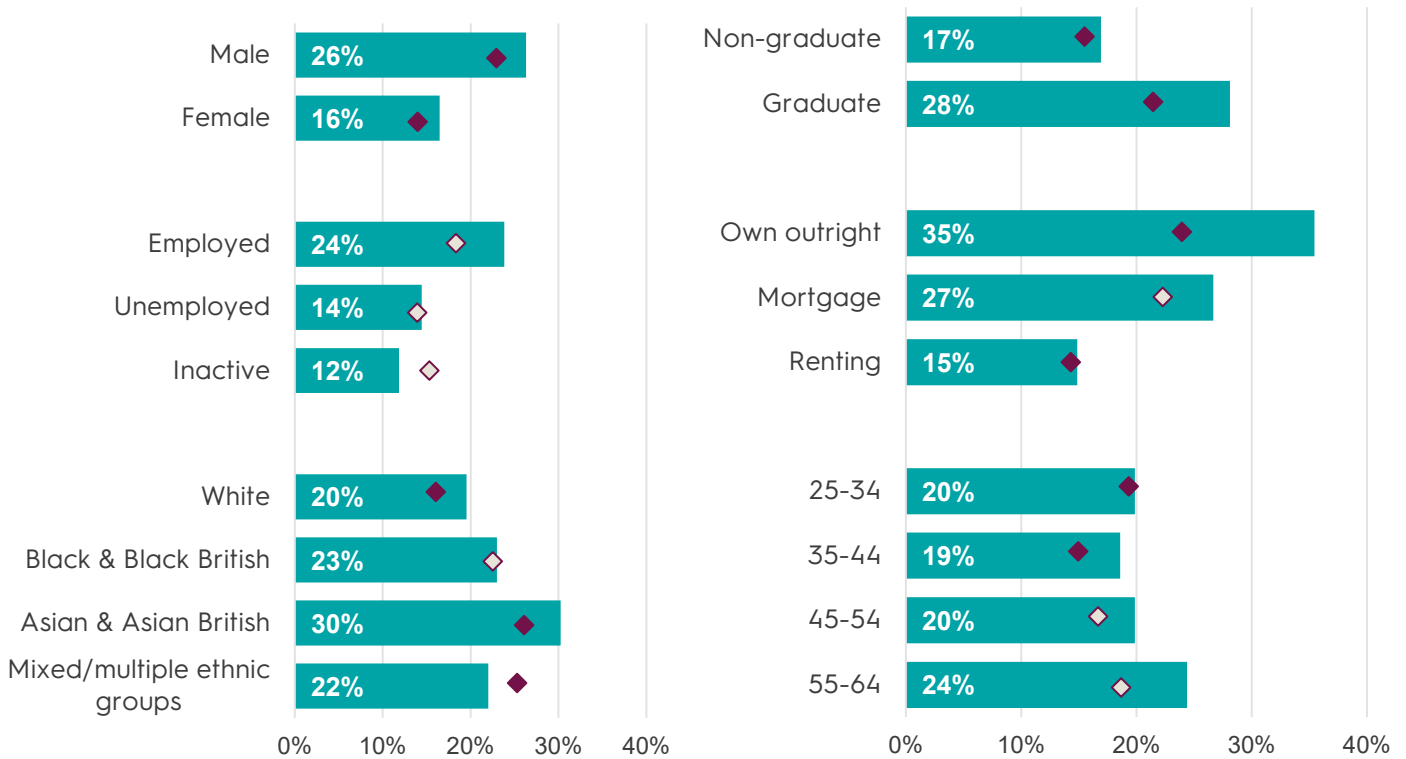
Homeowners, men and graduates are all much more likely to invest than renters, women and non-graduates

Participation in investing among those in low- and moderate-income households varies significantly across demographic groups. Homeowners, men and graduates are all much more likely to invest than renters, women and non-graduates. As shown in Figure 4, 26% of non-retired men aged 25 to 64 living in low- and moderate-income households had financial investments in May 2024, compared with 16% of women. Similarly, 28% of graduates held financial investments compared with 17% of non-graduates; and 35% of people who owned their home outright invested, more than double the proportion of renters at just 15%. There are also differences across ethnic groups, with Asian and Asian British people having a higher propensity to invest than White people. Importantly, these gaps persist even after accounting for differences in income, age and other characteristics.¹⁵

¹⁵ To assess whether differences in investment participation among non-retired individuals aged 25 to 64 in low- and moderate-income households reflect more than income differences alone, we estimated a logistic regression model. The dependent variable was a binary indicator of whether an individual held any financial investments. The model controlled for age, sex, qualification level, economic activity status, housing tenure, level of cash savings, and household income. This approach allows us to isolate the association between each characteristic and the likelihood of holding investments, holding other factors constant. The coefficients presented in the chart are average marginal effects derived from the model. These were calculated using post-estimation margins, with all other variables held at their mean values, and can be interpreted as the percentage-point change in the probability of holding investments associated with each characteristic.

Figure 4: Homeowners, men and graduates are all much more likely to invest

Proportion of non-retired adults aged 25 to 64 living in low- and moderate-income households that have financial investments, by demographic characteristics: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000. The markers show the marginal probabilities after controlling for age, income, sex, education level, economic activity, tenure and amount of cash savings. Solid markers indicate that the result is statistically significantly different from the reference group (the group listed first) at the 5% level. For example, the result for renters is significantly different from that for outright homeowners, whereas the result for those with a mortgage is not statistically different from outright homeowners. Due to sample sizes, we are unable to provide a more detailed breakdown of ethnicity: white (3048), Black & Black British (120), Asian & Asian British (229), Mixed/ multiple ethnic groups (87), other (23).

Source: Nest Insight analysis of FCA, Financial Lives Survey

In many respects, the barriers to investing are lower today than in the past. Significant efforts have been made to “democratise” investment, with providers focusing on accessibility and ease of use. Minimum investment thresholds have fallen substantially, in some cases allowing people to invest from as little as £1, while costs have been simplified and reduced through flat-fee structures and zero-commission options. Innovative micro investing approaches have also been introduced such as investment ‘round-ups’ and ‘invest your savings interest’.¹⁶

These developments may have contributed to rising investment participation among some groups. For example, men living in low- and moderate-income households were much more likely to invest in May 2024 than in January 2017, with the proportion holding financial investments rising from 16% to 26%. Women, by contrast, saw little change in participation, resulting in a widening gender investment gap from 2 to 10 percentage points over the same period.

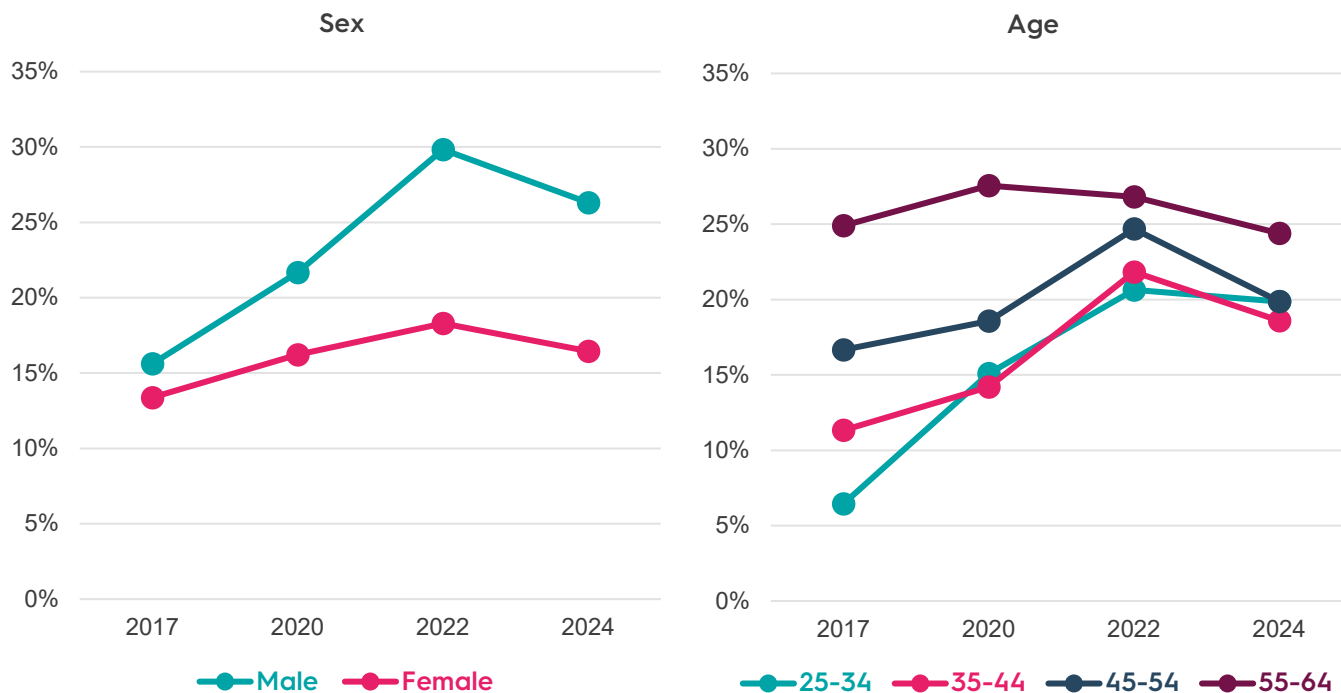
Younger adults have also become much more engaged in financial investments: in January 2017, only 6% of 25-34-year-olds living in low- and moderate-income households held financial investments, but by May 2024 this had more than tripled to 20%, closing the gap with all but the oldest age group (55-64-year-olds). It is possible that the rise in participation among younger age groups may be partly driven by the growth of ‘finfluencers’ providing investment content on social media, which is more commonly consumed by younger audiences. For example, a

¹⁶ These changes were referenced during interviews with industry, policy and consumer experts.

nationally representative survey found that over half (52%) of Gen Z would look to social media for advice about investing, compared with 34% of Millennials, 12% of Gen X, and 3% of Baby Boomers.¹⁷ Another reason is that younger cohorts are being exposed to investing earlier in their lives. Research shows that 58% of Gen Z said they started learning about investing before entering the workforce, compared with 37% of Millennials, 25% of Gen X, and 21% of Baby Boomers.¹⁸

Figure 5: Some gaps in investing, such as by sex, have widened over time while others, like by age, have narrowed substantially

Proportion of non-retired adults aged 25 to 64 living in low- to moderate-income households that have financial investments, by sex (left panel) and age (right panel): UK, 2017 to 2024



Notes: In 2017 and 2020, low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £30,000, in 2022 and 2024, low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

Investing is not limited to people with large sums of money

Most investors in low- and moderate-income had relatively modest investment holdings. Figure 6 shows that nearly two in five (38%) investors living in low- and moderate-income households had less than £1,000 invested in May 2024, and a further 27% held between £1,000 and £4,999. Very large investment portfolios were rare among this group, with less than one in five (18%) having £20,000 or more in investments.

This shows that investing is not limited to those with large amounts of capital. This could reflect the growing role of “small-scale” investing – where people start with limited amounts, potentially building confidence and balances over time – rather than waiting until substantial wealth has been accumulated before entering the market. This behaviour was also referenced by several of the expert interviewees, who emphasised the importance of encouraging people to invest small amounts as early as possible, as early participation can unlock benefits such as a longer compounding windows and a greater ability to weather market cycles.¹⁹

¹⁷ The Investment Association (October 2025), [Consumer Pulse Survey: Budget Season 2025](#)

¹⁸ World Economic Forum (March 2025), [2024 Global Retail Investor Outlook](#)

¹⁹ World Economic Forum (March 2025), [2024 Global Retail Investor Outlook](#)

Figure 6: Two in five investors in low- and moderate-income households had relatively small sums invested

Amount held in financial investments among non-retired investors aged 25 to 64 living in low- and moderate-income households: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000. Excluding 'don't know' and 'prefer not to say'.

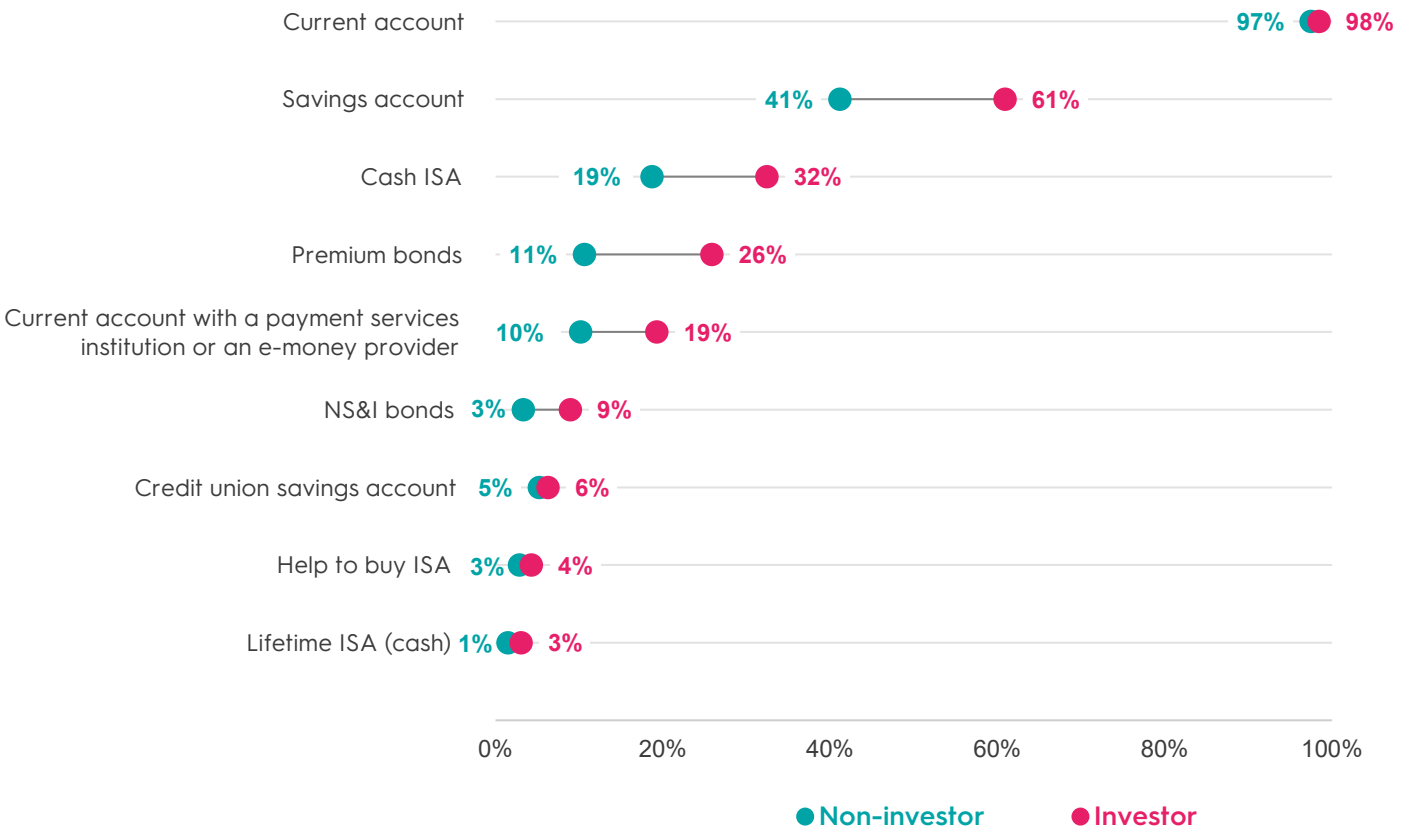
Source: Nest Insight analysis of FCA, Financial Lives Survey.

Investors tend to hold a broad portfolio of financial products

Turning next to the types of products people hold, Figure 7 shows that investors are more likely to be financially engaged across the board. Investors are more likely than non-investors to hold almost every type of mainstream financial product. For example, while access to a current account was near universal for both groups in May 2024 (97% of non-investors and 98% of investors), much wider gaps appear in other products. Investors were significantly more likely to hold savings accounts (61% versus 41%), cash ISAs (32% versus 19%), and Premium Bonds (26% versus 11%). While Figure 7 shows that nearly four in ten investors in low- and moderate-income households do not hold savings accounts, this does not necessarily mean they have no savings; many people keep savings in their current account. The next section explores the amount of cash savings these investors hold.

Figure 7: Investors are more likely to have savings accounts, cash ISAs, premium bonds, and NS&I bonds

Proportion of non-retired adults aged 25 to 64 living in low- and moderate-income households that have financial products, by investor status: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

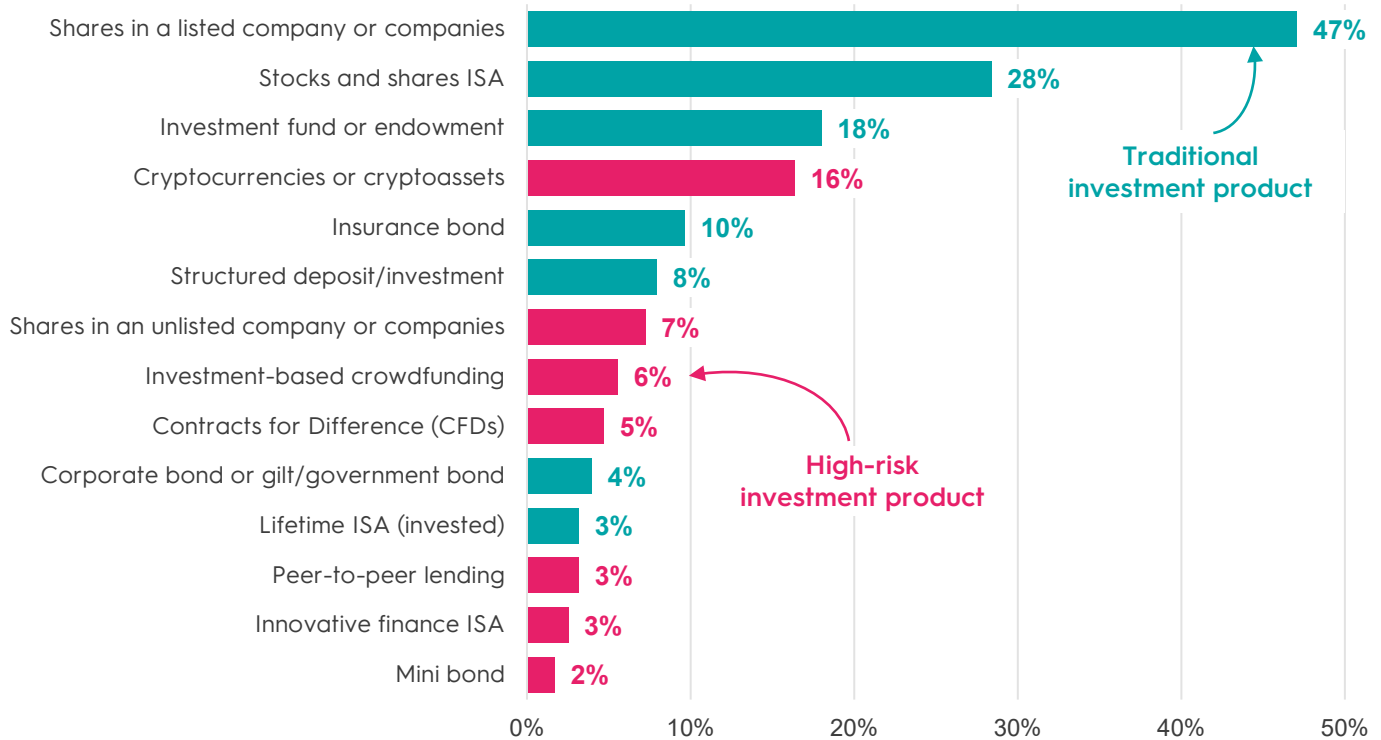
In terms of the investment products held by investors in low- and moderate-income households, Figure 8 shows that the most common way people engaged with investing was through direct share ownership, with nearly half (47%) holding shares in listed companies in May 2024.²⁰ This is notably higher than the proportion that were using a stocks and shares ISA (28%), suggesting many investors are operating outside tax-advantaged wrappers. This may reflect investments made before the expansion of ISAs, holdings acquired through employee share schemes or simply entry into investing through single stock purchases. Other traditional investment products appear to be less widely used. Only 18% held investment funds (outside of an ISA or insurance bond) in May 2024, while relatively small shares held bonds (4%) or invested Lifetime ISAs (3%).

Figure 8 also shows that a minority are engaging with higher-risk assets. Around 16% of investors held cryptocurrencies or cryptoassets in May 2024 (down from 20% in May 2022), with smaller proportions using investment crowdfunding (6%), Contracts for Difference (5%), or peer-to-peer lending (3%). While these products – particularly cryptocurrencies – attract a great deal of attention, they remain less common than mainstream products.

²⁰ This equates to around 10% of non-retired adults aged 25-64 in low- and moderate-income households holding listed shares in May 2024.

Figure 8: Nearly half of investors in low- and moderate-income households had shares outside a stocks and shares ISA

Proportion of non-retired investors aged 25 to 64 living in low- and moderate-income households that have financial products: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000. Traditional investments products are defined as: investment funds, shares in a listed company or companies, corporate bonds or gilt/ government bonds, structured deposits, Stocks and shares ISAs, Lifetime ISAs (invested), Insurance bonds (investment bonds), and 'other' investments. High-risk investment products are defined as: shares in an unlisted company or companies, investment-based crowdfunding, peer-to-peer lending, cryptocurrencies and cryptoassets, Innovative Finance ISAs, mini bonds and Contracts for Difference (CFDs).

Source: Nest Insight analysis of FCA, Financial Lives Survey.

Most low- and moderate-income investors are positive about their high-risk products

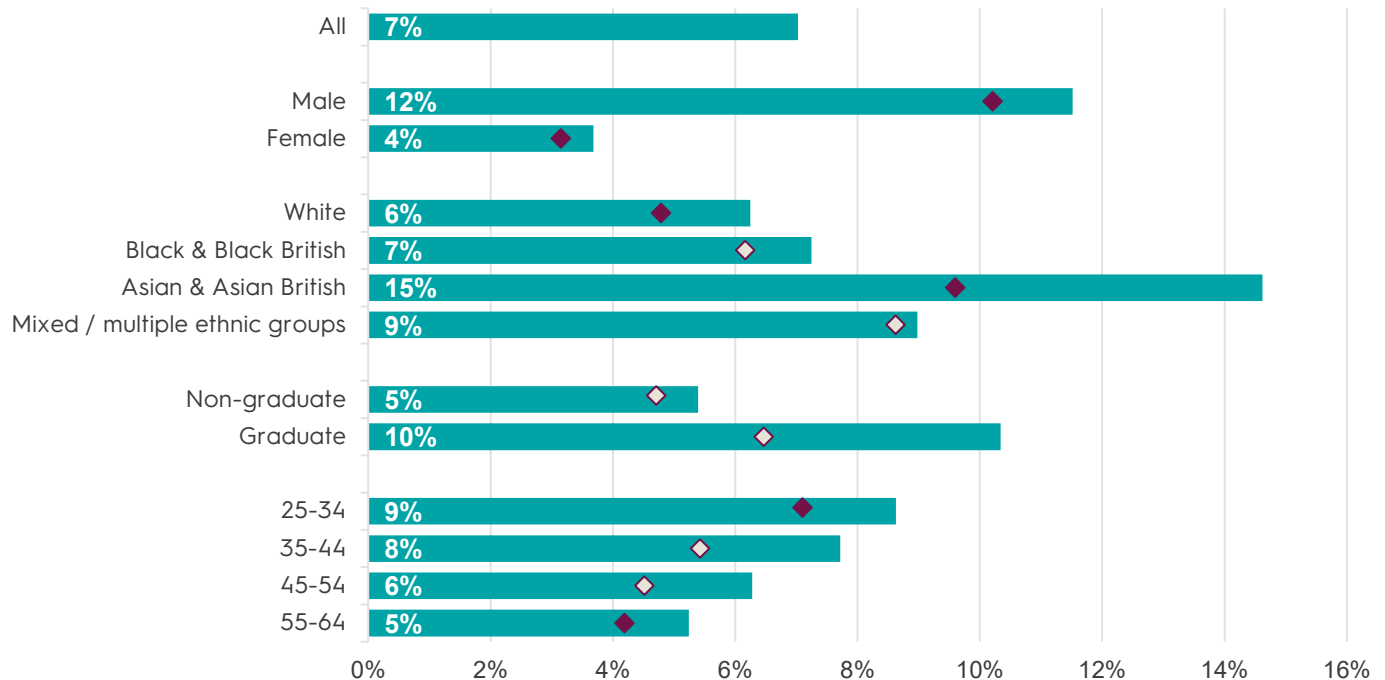
Overall, just 7% of people living in low- and moderate-income households held high-risk investments in May 2024. Figure 9 shows that certain groups were much more likely to hold these high-risk investments. Men were three times more likely than women to hold high-risk investments in May 2024 (12% compared with 4%), suggesting substantial differences in risk appetite, confidence, or exposure to investment opportunities and information.

There were also differences by age, with participation higher among younger adults: 9% of those aged 25 to 34 hold high-risk investments, falling to 5% among those aged 55 to 64. As discussed above, this pattern may reflect the fact that younger cohorts are being exposed to these types of investment products through digital and social channels. There were also notable differences by ethnicity. Asian and Asian British individuals were the most likely to hold high-risk investments in May 2024 (15%), while White individuals were less likely to do so (6%).²¹

²¹ To assess whether differences in high-risk investment holdings among non-retired individuals aged 25 to 64 in low- and moderate-income households reflect more than income differences alone, we estimated a logistic regression model. The dependent variable was a binary indicator of whether an individual held any high-risk financial investments. The model controlled for age, sex, qualification level, economic activity status, housing tenure, level of cash savings, and household income. This approach allows us to isolate the association between each characteristic and the likelihood of holding investments, holding other factors constant. The coefficients presented in the chart are average marginal effects derived from the model. These were calculated using post-estimation margins, with all other variables held at their mean values, and can be interpreted as the percentage-point change in the probability of holding high-risk investments associated with each characteristic.

Figure 9: Younger age groups and men living in low- and moderate-income households are more likely to hold high-risk investments

Proportion of non-retired adults aged 25 to 64 living in low- and moderate-income households that have high risk investments, by demographic characteristics: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000. High-risk investment products are defined as: shares in an unlisted company or companies, investment-based crowdfunding, peer-to-peer lending, cryptocurrencies and cryptoassets, Innovative Finance ISAs, mini bonds and Contracts for Difference (CFDs). The markers show the marginal probabilities after controlling for age, income, sex, education level, economic activity, tenure and amount of cash savings. Solid markers indicate that the result is statistically significantly different from the reference group (the group listed first) at the 5% level. For example, the result for Asian & Asian British is statistically different from that for White, whereas the result for Black & Black British was not. Due to sample sizes, we are unable to provide a more detailed breakdown of ethnicity: White (3048), Black & Black British (120), Asian & Asian British (229), Mixed / multiple ethnic groups (87), other (23).

Source: Nest Insight analysis of FCA, Financial Lives Survey.

Importantly, investors from low- and moderate-income households who held high-risk investments were generally positive about their high-risk investments. In May 2024, nearly four in ten (39%) reported no regrets, while 24% said they wished they had invested in these products earlier and 11% wished they had invested more. Only 8% said they wished they had not invested in these products.²²

These positive attitudes appear to be underpinned by a relatively strong understanding of risk. Figure 10 shows that around seven in ten (68%) of those who have high-risk investments understood that they could lose all of their money when investing in cryptocurrencies or cryptoassets, while a further 20% recognised that they could lose some of their money. Only 7% said they did not know what the biggest risk was.

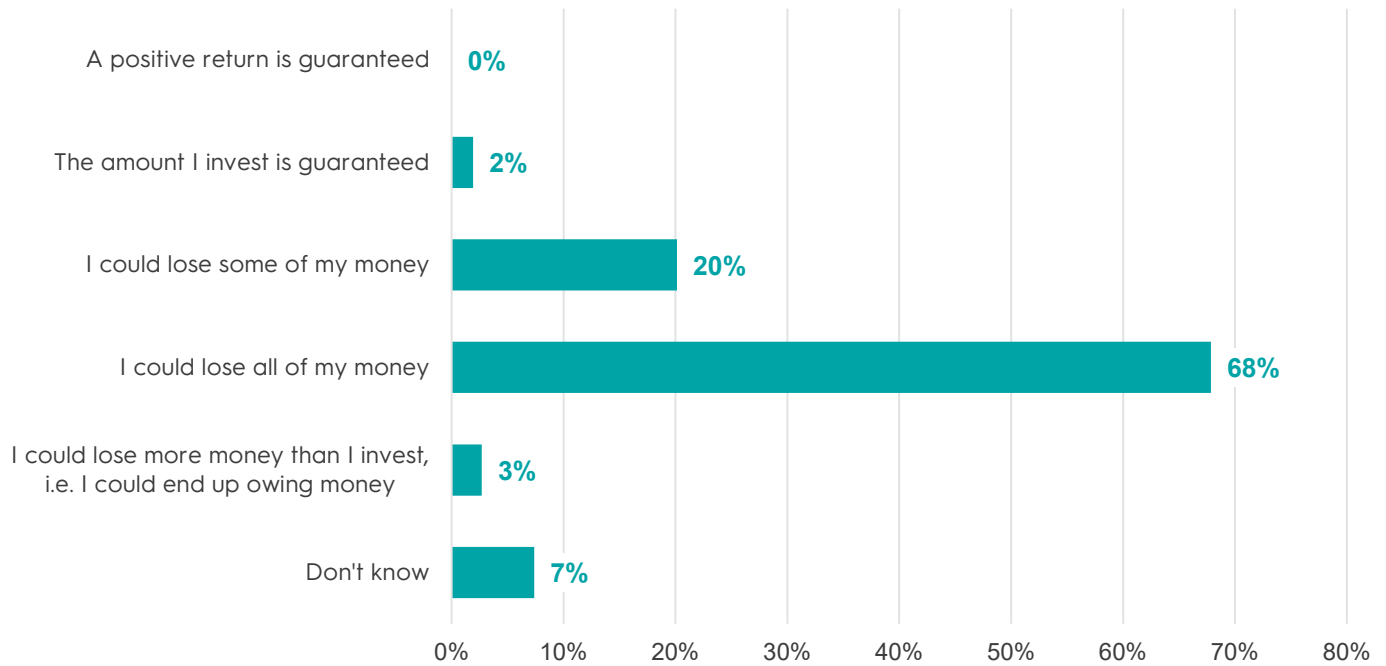
Taken together, this suggests that investors in low- and moderate-income households with high-risk products are not generally investing without awareness of the potential downsides. Consistent with this, the data indicate that these investments are unlikely to pose a significant threat to overall financial wellbeing for most. When asked about the impact of a significant loss on their high-risk investments, nearly half (47%) said it would have no impact on their current or future lifestyle or wellbeing. While 20% said they were unsure, relatively few anticipated severe consequences: just 6% said they would struggle to make ends meet following such a loss. This may reflect the fact that high-risk investments generally make up a relatively small proportion of most investors'

²² For reference, Bitcoin prices had increased 118% between May 2023 and May 2024. Investor sentiment might have shifted after the recent decline in cryptocurrency prices in late 2025 and early 2026. For more information see: statista, [Bitcoin \(BTC\) price per day](#)

portfolios. For example, for more than half (56%) of investors living in low- and moderate-income households, high-risk investments accounted for less than 10% of their total investable assets.

Figure 10: Those holding high-risk investments appear to have a good understanding of the risk involved

Understanding of risks associated investing in cryptocurrencies or cryptoassets among non-retired people aged 25 to 64 living in low- and moderate income with high-risk investments: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000. High-risk investment products are defined as: shares in an unlisted company or companies, investment-based crowdfunding, peer-to-peer lending, cryptocurrencies and cryptoassets, Innovative Finance ISAs, mini bonds and Contracts for Difference (CFDs).

Source: Nest Insight analysis of FCA, Financial Lives Survey.

However, there may be scope to encourage greater diversification. Around half (47%) of those holding high-risk investments did not hold any traditional investment products in May 2024, meaning these assets are not serving a diversification role for many. This is consistent with self-reported motivations: only 22% said they invested in high-risk products to diversify, while similar proportions cited challenge, excitement or enjoyment (21%), or a desire to make their savings work harder (19%).

This section has shown that around one in five people living in low- and moderate-income households were investing in May 2024. However, investment activity is unevenly distributed: men and certain other groups are more likely to invest, and some of these gaps have widened over time. The analysis also highlighted the mix of products held, with mainstream investments most common, alongside a smaller group using higher-risk products who generally report positive experiences.

2. Most investors in low- and moderate-income households rely on informal or self-directed sources of information about investing

Figure 11 shows that many investors did not access any information about investing in the 12 months to May 2024, with those in low- and moderate-income households less likely to seek information than investors in higher-income households. Around three in ten (29%) investors in low- and moderate-income households reported using no information sources, compared with 18% among higher-income investors. Among those who did seek information, online searches were the most common route, with 30% and 37% of investors in low- and moderate-income households and higher-income households using Google searches as a source of information, respectively. For example, in regard to where they'd get investment information from, one interviewee from a low- and moderate-income household said: *"there's plenty of info out there and apps on your phone, I'd just go with that really"*.

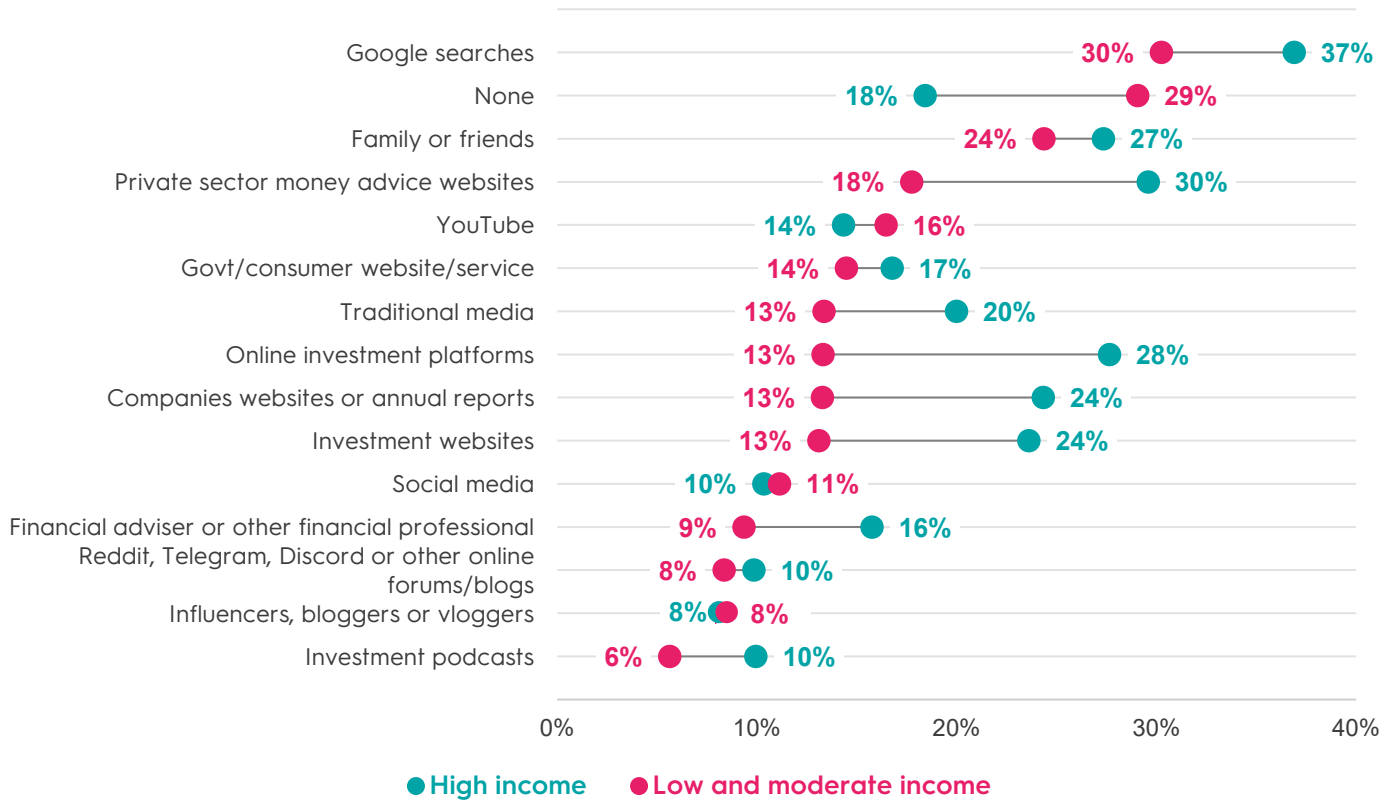
Expert interviewees and the wider literature suggest that lacking friends or family to discuss investing with can act as a barrier, although the gap between income groups on this measure is relatively small.²³ For example, 24% of investors in low- and moderate-income households used family or friends as a source of information, compared to 27% of investors in higher-income households.

Larger differences emerge in the use of more formal information channels. Investors in higher-income households were far more likely to use private-sector advice websites (30% vs 18%), online investment platforms (28% vs 13%), and company or investment websites (both 24% vs 13%), and were also more likely to consult traditional media and financial professionals. By contrast, lower-income investors made broadly similar use of social media, influencers and online forums (between 8 and 9%). Taken together, this suggests that many investors in low- and moderate-income households navigate investment decisions with limited formal guidance, highlighting the importance of accessible, trustworthy information and the persistence of an advice and engagement gap.

²³ Commonwealth (June 2024), [Transforming Investor Identity Final Report 2024](#)

Figure 11: Around three in ten investors did not access any sources of information about investing in the last 12 months

Proportion of non-retired investors aged 25 to 64 accessing different sources of information about investing, by household income group: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000.

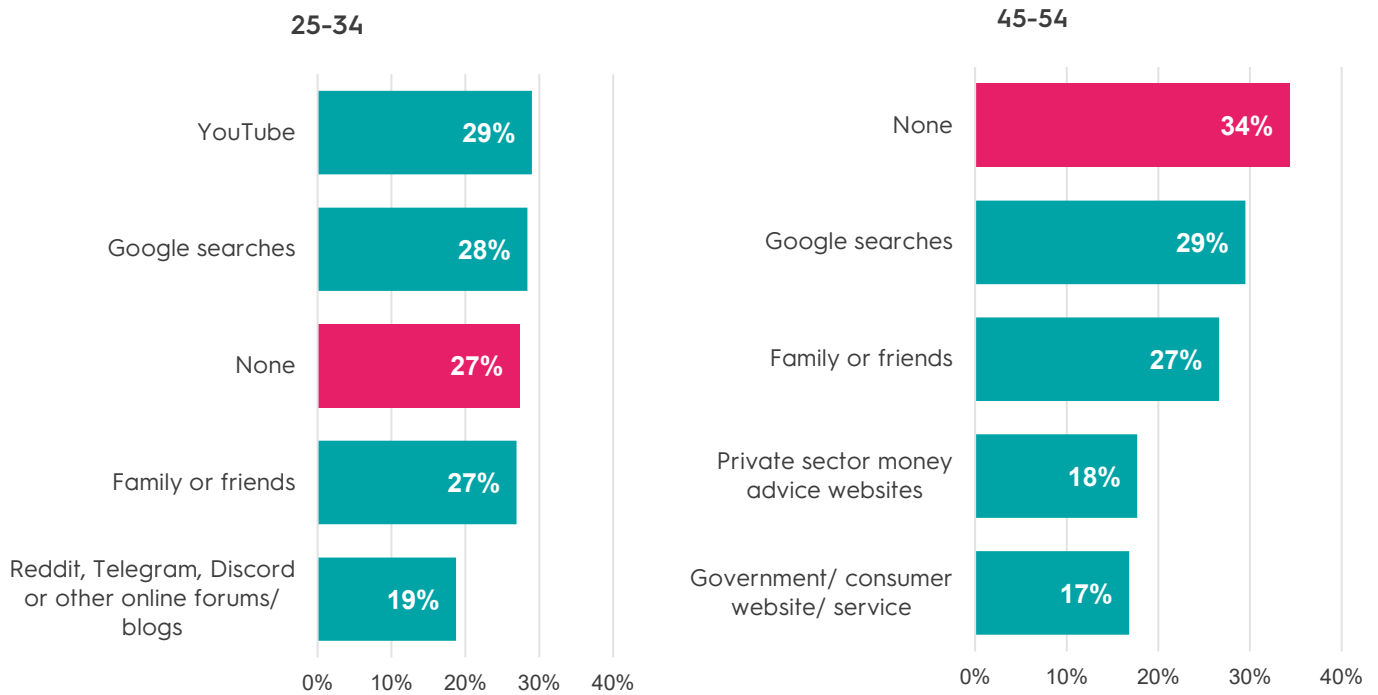
Source: Nest Insight analysis of FCA, Financial Lives Survey.

There are clear age differences in how investors seek information. Figure 12 shows that younger investors in low- and moderate-income households rely more on digital and peer-driven sources: YouTube was the most commonly used channel, with 29% of 25-34-year-olds reporting using this as a source of investment information in the 12 months, while 19% turned to online forums. By contrast, investors aged 45 to 54 were less digitally oriented and more likely to use traditional and formal sources. For example, they were more likely than younger investors to rely on private-sector money advice websites (18%) and government or consumer websites (17%). While not captured in the FCA’s data, expert interviewees noted that many people are also turning to AI as a source of information, with some providers launching AI-powered financial guidance tools to offer more personalised support to their customers.

However, there were also areas of overlap between age groups. Google searches were widely used by both younger and older investors (28% and 29%, respectively), and family and friends remain an important source of information for both groups (27% in each).

Figure 12: Age groups access different sources of information about investing

Top five sources of information about investing among non-retired investors aged 25 to 34 (left panel) and 45 to 54 (right panel) living in low- and moderate-income households: UK, May 2024



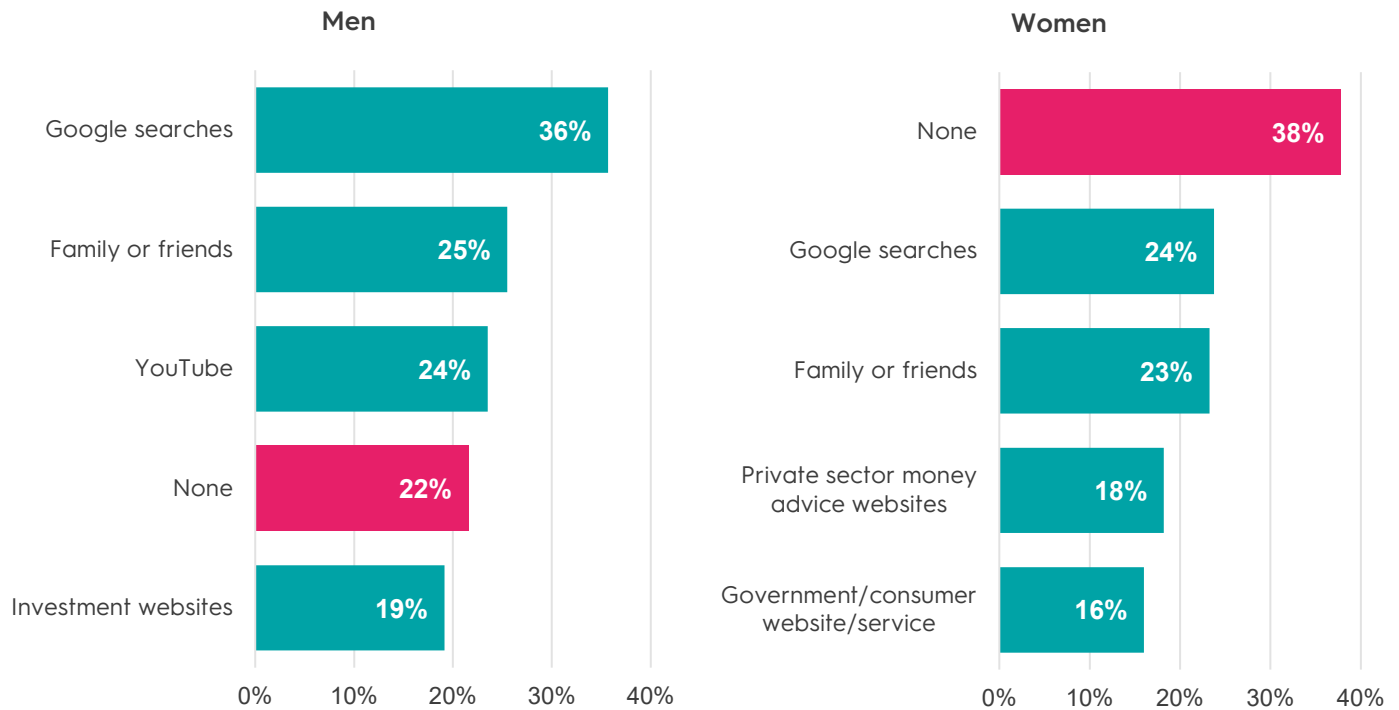
Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

There are also clear gender differences in how investors in low- and moderate-income households access information about investing. As shown in Figure 13, men were more likely to actively seek out information, with over a third (36%) using Google searches, followed by family or friends (25%) and YouTube (24%) as a source of information about investing in the 12 months to May 2024. Women, by contrast, were significantly more likely not to access information, with 38% saying they had not used any sources in the 12 months to May 2024, compared to 22% of men. However, when women do seek information, they are more likely than men to rely on formal channels, such as private-sector money advice websites (18%) and government or consumer websites (16%).

Figure 13: Women investors are more likely to report not accessing any information about investing in the past 12 months

Top five sources of information about investing among non-retired investors aged 25 to 64 living in low- and moderate-income households, by sex: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

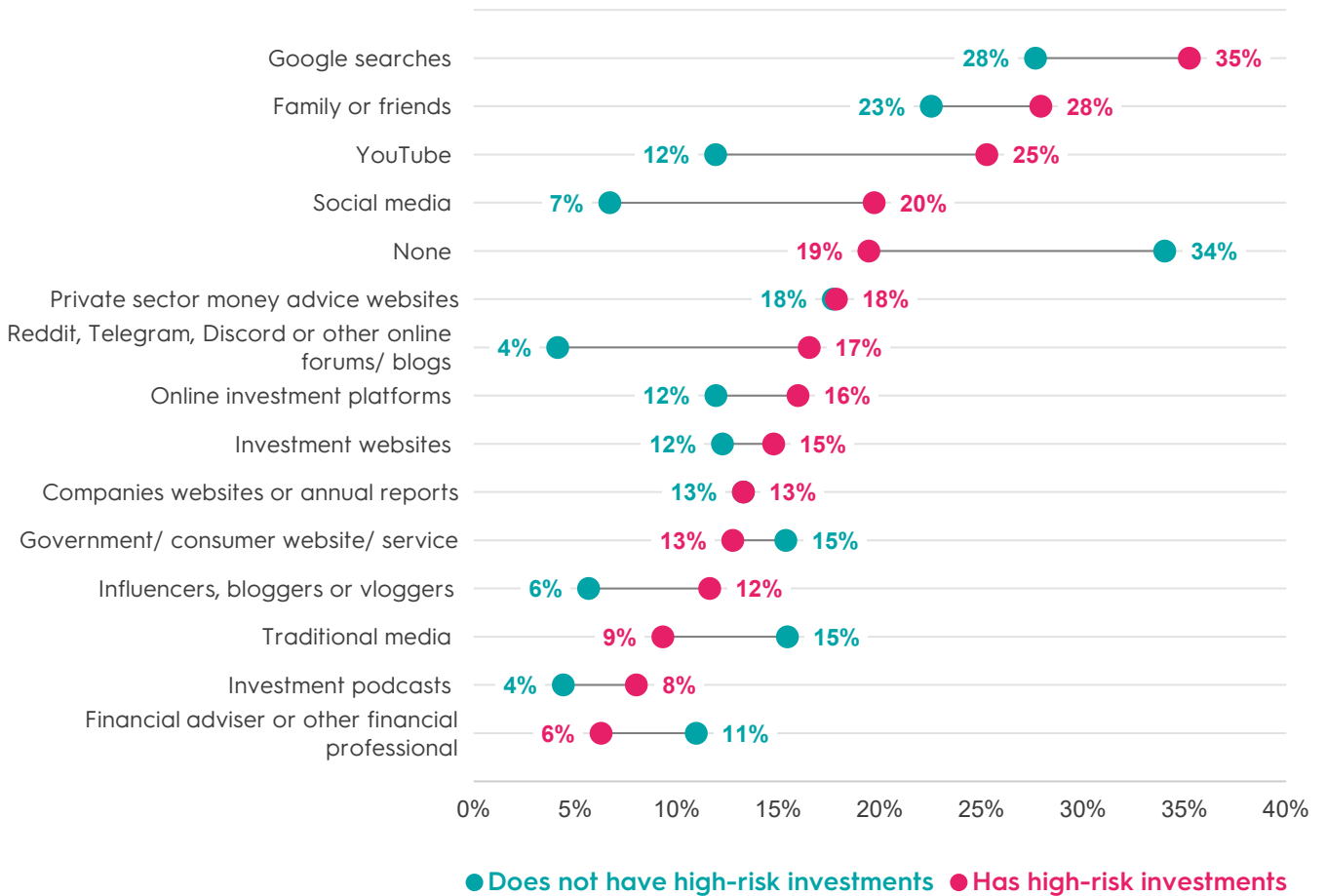
Figure 14 that investors in low- and moderate-income households with high-risk investments are generally more likely to seek out information, while those without are much more likely to report not accessing any information at all (34% vs 19%). This suggests that those holding high-risk investments tend to be more engaged in investment decision-making.

A notable pattern is the much greater reliance on non-regulated and informal information channels among those with high-risk investments. They are more likely to use YouTube (25% vs 12%), social media (20% vs 7%), online forums such as Reddit or Discord (17% vs 4%), and influencers or bloggers (12% vs 6%). By contrast, investors with high-risk investments are less likely to rely on more traditional or formal sources of information, including government or consumer websites (13% vs 15%), traditional media (9% vs 15%), and financial advisers or other professionals (6% vs 11%).

While earlier analysis suggests that most individuals holding high-risk investments are not acting without awareness of the potential risks, the growing role of social media in shaping investment decisions is significant. This underlines the importance of better understanding – and potentially addressing – the risks associated with unregulated financial information circulating through digital and social channels.

Figure 14: Those with high-risk investments show a greater reliance on non-regulated and informal information channels

Proportion of non-retired investors aged 25 to 64 living in low- and moderate-income households accessing different sources of information about investing, by whether they hold high-risk investment products: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000. High-risk investment products are defined as: shares in an unlisted company or companies, investment-based crowdfunding, peer-to-peer lending, cryptocurrencies and cryptoassets, Innovative Finance ISAs, mini bonds and Contracts for Difference (CFDs).

Source: Nest Insight analysis of FCA, Financial Lives Survey.

Overall, these differences in where people seek information highlight varying levels of engagement across age, gender and investment portfolios. This suggests that a single, uniform approach to improving financial capability and investment engagement is unlikely to be effective; instead, targeted, channel-specific strategies will be needed to reach different groups, improve confidence, and support better-informed financial decisions.

3. More people in low- and moderate-income households have the financial capacity to invest but are not currently doing so

Next, we turn to a central question: who are those low- and moderate-income households who could make their money work harder for them? We also investigate whether there are some households who are investing but might be better off by building more substantial emergency savings.

While expanding access to investing can support long-term financial security, it might not be suitable nor desirable for everyone. For many people in low- and moderate-income households, prioritising liquidity and financial resilience is both rational and necessary, particularly where incomes are tight and financial buffers are limited. This chapter emphasises the role of cash savings and time horizons in shaping investment decisions and examines how many people may realistically be in a position to take the next step into investing.

Investing is unlikely to be appropriate for some low- and moderate-income households

Around 9 million people in low- and moderate-income households (79%) were not investing in May 2024. Those on lower incomes often face tighter budgets and have less ability to absorb unexpected expenses through day-to-day spending adjustments. As a result, they typically need to hold a larger share of their savings in readily accessible cash products to manage financial shocks, rather than in higher return but less liquid investments. While this emphasis on liquidity supports short-term financial stability, it can also limit opportunities for long-term asset growth. Other factors that may influence the size of an emergency savings buffer include access to credit or the ability to borrow from friends and family in times of need, whether an individual has dependants, and whether they are a homeowner with responsibility for repairing or replacing household appliances.²⁴

It is also widely recognised that building a liquid savings buffer should come before investing, as accessible savings allow households to respond quickly to unexpected costs without needing to withdraw from investment products, which can take time and may involve risk. The importance of liquid savings in the context of retail investment has been demonstrated in the US market, with recent research finding that investors living on low- and moderate-incomes are more likely to invest when they have at least two weeks' worth of liquid savings.²⁵

Although the appropriate level of emergency savings varies by individual circumstances with multiple benchmarks often cited (including between 3 and 6 months of essential expenditures), evidence suggests that holding at least £2,000 in savings is associated with nearly a 60% reduction in the odds of falling behind on household bills, compared with otherwise similar households with little or no savings, and significantly lowers the risk of over-indebtedness.²⁶

Using this benchmark, Figure 15 shows that more than six in ten (62%) non-investors in low- and moderate-income households had less than £2,000 in cash savings in May 2024 – equivalent to around 5.5 million people (or 48% of all people living in low- and moderate income households). For many in this group, the immediate priority may therefore be to build a stronger emergency savings buffer before considering investing. While this will not apply to everyone – for example, some may be able to rely on informal support from family or friends or may require higher cash savings to deal with more substantial outgoings – it provides a useful general rule of thumb for assessing a *base* level of financial readiness to invest alongside saving.

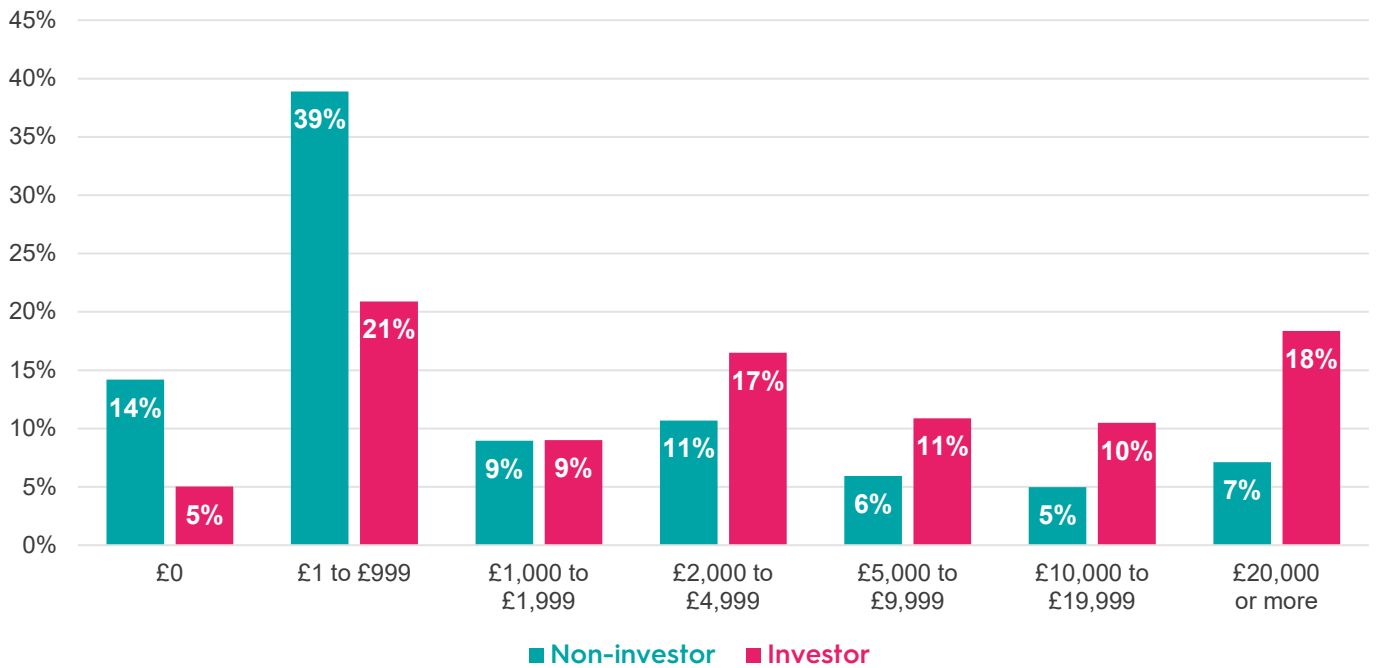
²⁴ Resolution Foundation (September 2025), [Money on my mind | Understanding the savings, debt and financial resilience of low-to-middle income families](#)

²⁵ CommonWealth (March 2026), [Retail Investors on the Rise: What Billions of Transactions Reveal About Today's Retail Investors Living on Low and Moderate Incomes](#)

²⁶ Personal Finance Research Centre (2025), [Understanding the role of savings in building longer-term financial security](#)

Figure 15: The majority of non-investors have lower cash buffers

Amount in cash savings among non-retired adults aged 25 to 64 living in low- and moderate-income households, by investor status: UK, May 2024



Notes: Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000. Percentages do not add up to 100% because we have included 'don't know' and 'prefer not to say' but not shown them on the chart.

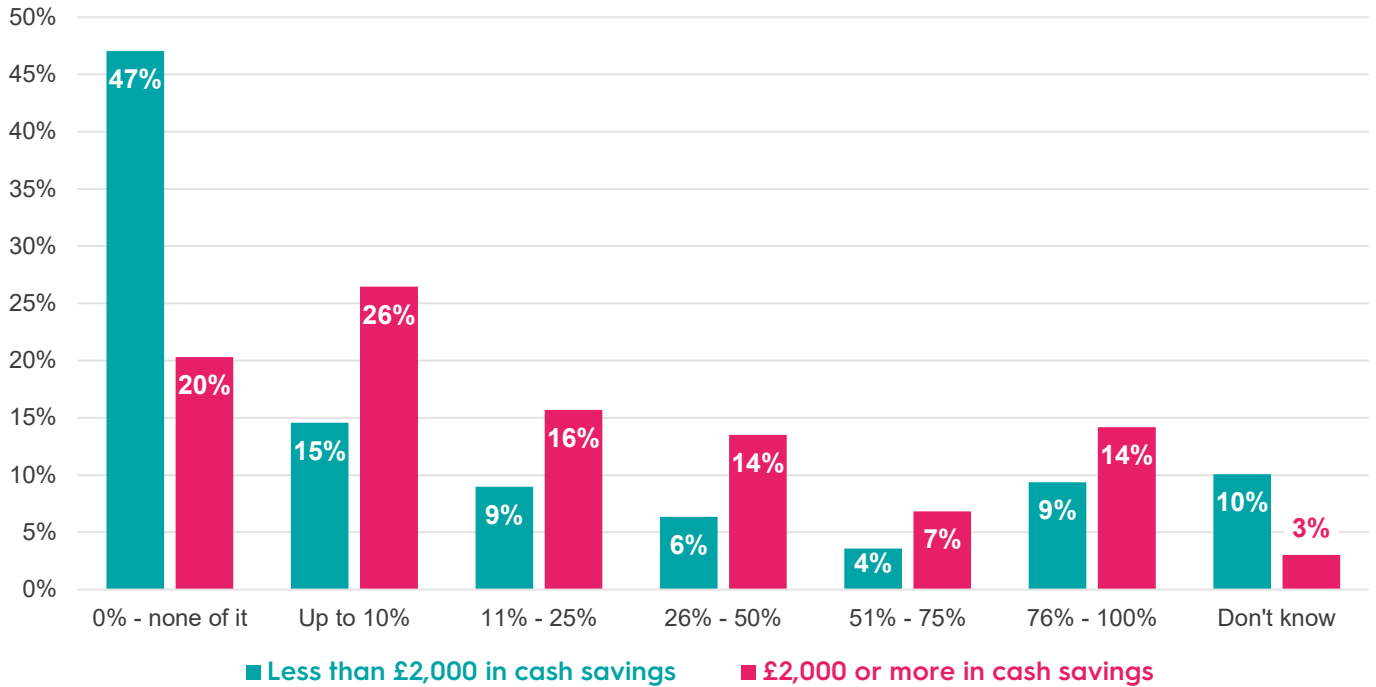
Source: Nest Insight analysis of FCA, Financial Lives Survey.

A substantial minority of low- and moderate- income households are already investing but could be exposed because they lack a sufficient cash buffer

Figure 16 also reinforces the importance of holding a liquid savings buffer alongside investments. Over a third (35%) of investors from low- and moderate-income households had less than £2,000 in cash savings. This is equivalent to around 800,000 people, or 7% of those living in low- and moderate-income households. These individuals are far less able to absorb losses without affecting their current or future lifestyle and wellbeing. For example, nearly half (47%) of this group said they could not afford to lose any of their invested money, compared with just one in five (20%) among those with £2,000 or more in cash savings. This suggests that there are some people in low- and moderate-income households that are investing despite having limited financial resilience, leaving them more exposed to financial harm if investments perform poorly.

Figure 16: Those with lower cash savings buffers are less able to respond to volatility

Proportion of investors aged 25 to 64 living in low- and moderate-income households that could afford to lose different amounts invested without that loss impacting their current or future lifestyle and/or wellbeing, by amount in cash savings: UK, May 2024



Notes: 'No one wants to lose money, but how much of the money you have invested could you afford to lose without that loss impacting your current or future lifestyle and/or wellbeing?' Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

People may also decide to hold money in cash if they expect to need it in the near future. In fact, many investment providers emphasise that investing should be for the medium term and recommend that people should be able and willing to leave the money invested for at least five years.²⁷

However, among those with at least £5,000 in cash savings, Figure 17 shows that many non-investors in low- and moderate-income households did not expect to need their money quickly.²⁸ Around one in three (34%) non-investors said they had no plans to withdraw a significant portion of their savings, compared with a quarter (25%) of investors. This suggests that a sizeable share of non-investors could be holding cash over long periods, potentially limiting the returns on their savings.

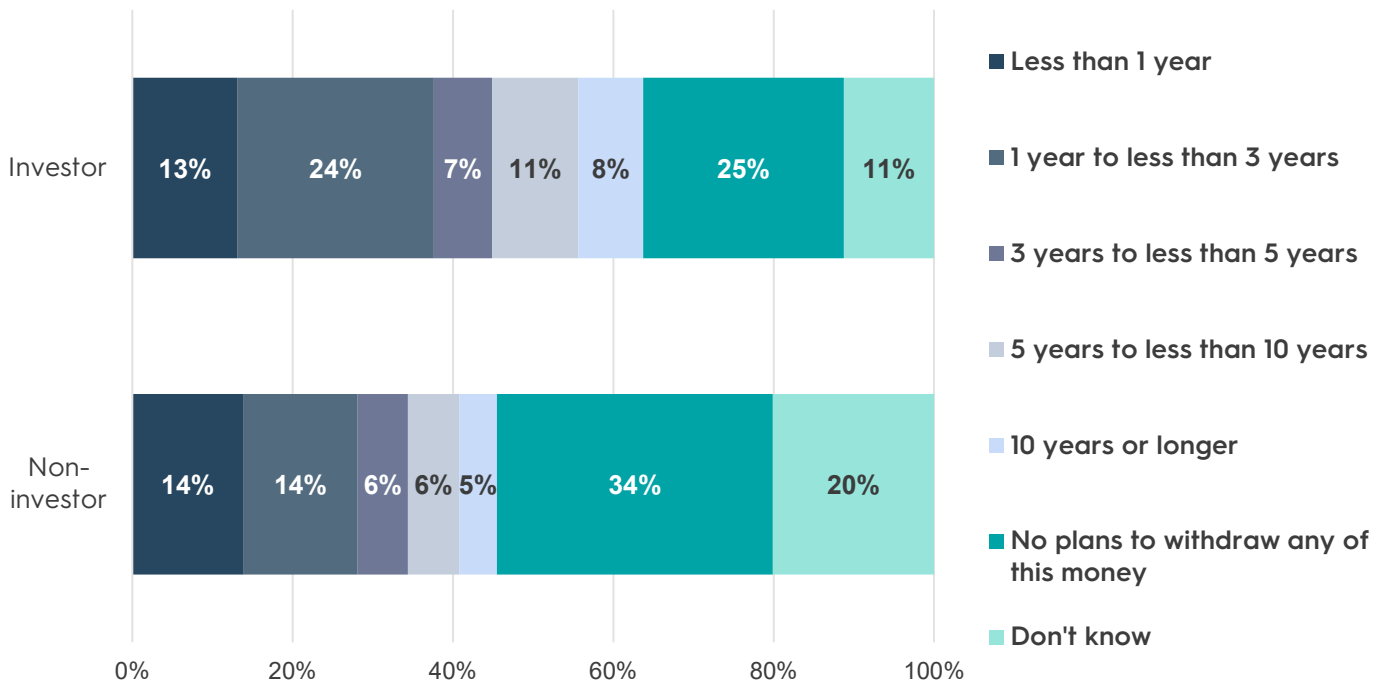
Figure 17 also shows that one in five (20%) non-investors said they did not know when they might need to withdraw a significant amount of their cash savings. While some of these individuals will be holding money for precautionary purposes, this also suggests that others may lack a clear plan for their savings. For these individuals, reflecting on financial goals and whether cash remains the most appropriate home for longer-term savings could be valuable.

²⁷ MoneySavingExpert, [Investing for beginners: 10 need-to-knows to get you started](#)

²⁸ Note that this question is limited to those who have cash savings exceeding £5,000.

Figure 17: A sizeable share of non-investors were holding cash over long periods

When non-retired adults aged 25 to 64 living in low- and moderate-income households with at least £5,000 or more in cash savings expect to withdraw a third of more of their savings, by investor status: UK, May 2024



Notes: ‘Thinking about the money you have in (your) savings products, when do you expect to need to withdraw a significant portion (a third or more) of your savings?’ Low and moderate income defined as people who live in households with gross non-equivalised BHC income less than £40,000. This question is limited to those who have cash savings exceeding £5,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

How many low-and moderate-income households might have the potential to make their money work harder?

Building on the evidence above, we sought to estimate the number of people living in low- and moderate-income households that may have the potential to make their money work harder for them.

A long-standing industry rule of thumb suggests people should hold around £10,000 in cash before investing. Although widely used, this threshold is largely arbitrary. Some expert interviewees suggest it is a legacy of the Retail Distribution Review and the Financial Advice Market Review, which concluded that people with more than £10,000 of investible assets would generally benefit from considering whether to invest at least some of their money.²⁹ It seems that some firms are now using this as a ‘safe’ benchmark because it was cited by the FCA.

However, interviewees also highlighted several limitations of the £10,000 threshold. A strong focus on this figure may unnecessarily restrict the number of people who could benefit from investing, particularly given the time it can take to build up savings of that size. As one interviewee noted, “If you set £10,000 as the benchmark, people may feel they will never reach it, and that’s not a helpful message”. Another questioned whether the threshold itself may discourage engagement: “Is this £10,000 figure putting people off because they think they’ll never get there?”.

More fundamentally, the original conclusion was that people with over £10,000 in investible assets may benefit from investing – not that individuals need £10,000 in cash before they begin. This suggests the threshold has, in practice, perhaps been interpreted more rigidly than intended.

²⁹ FCA (December 2020), [Evaluation of the impact of the Retail Distribution Review and the Financial Advice Market Review](#)

Recently, more nuanced guidance has emerged. This typically focuses on getting “immediate finances” in order first – including paying down high-interest debt, building an emergency fund sufficient to cover between three to six months of essential spending, and contributing to a pension – rather than hitting a single cash-savings target before starting to invest.³⁰

Using this more nuanced guidance, we have estimated the number of people living in low- and moderate-income households who may have the potential to invest. We identify individuals with different levels of liquid savings, using three thresholds: £10,000, reflecting one long-standing benchmark commonly used in the industry; £5,000, representing half that amount; and £2,000, which recent research suggests is a level of savings associated with a significantly reduced risk of falling into debt.³¹ These are not set thresholds but should provide a valuable range to understand how many people have the potential to invest, depending on the assumptions used.

Alongside these savings thresholds, we apply additional criteria that individuals must have no high-cost credit (defined as a logbook loan, a home-collected loan, a payday loan, a short-term instalment loan, rent-to-own, a pawnbroking loan and a loan agreement involving a guarantor), and must not be in arrears on bills or credit commitments.

Under these conditions, we estimate that around one million people in low- and moderate-income households could invest if a £10,000 cash savings buffer were required. This figure rises to 1.5 million if the savings threshold is lowered to £5,000, and to 2.3 million if it is lowered further to £2,000.

When we add a further requirement – that individuals do not expect to withdraw a significant portion of their savings (a third or more) within the next five years – the estimated numbers fall substantially. At the £10,000 threshold, only around half would meet this additional criterion, reducing the figure to approximately 0.5 million. With the £5,000 threshold, around 0.7 million people meet the full set of criteria. The time horizon question was only answered by those with £5,000 or more in cash savings, so we are unable to calculate the number of people with at least £2,000 in savings who also have a long-term horizon.

As with the £10,000 threshold, some concerns were also raised about the use of a five-year investment horizon as a rule of thumb. While expert interviewees agreed it is helpful to communicate that returns are *more likely* to be positive over longer periods, they emphasised that this guidance can be misunderstood. It may lead people to believe that investments are effectively locked away for five years, or that a positive return is guaranteed after this period – neither of which is true. Investments remain accessible, and market outcomes are uncertain. For example, a financial downturn in year five could leave investors worse off than if they had withdrawn their money earlier.

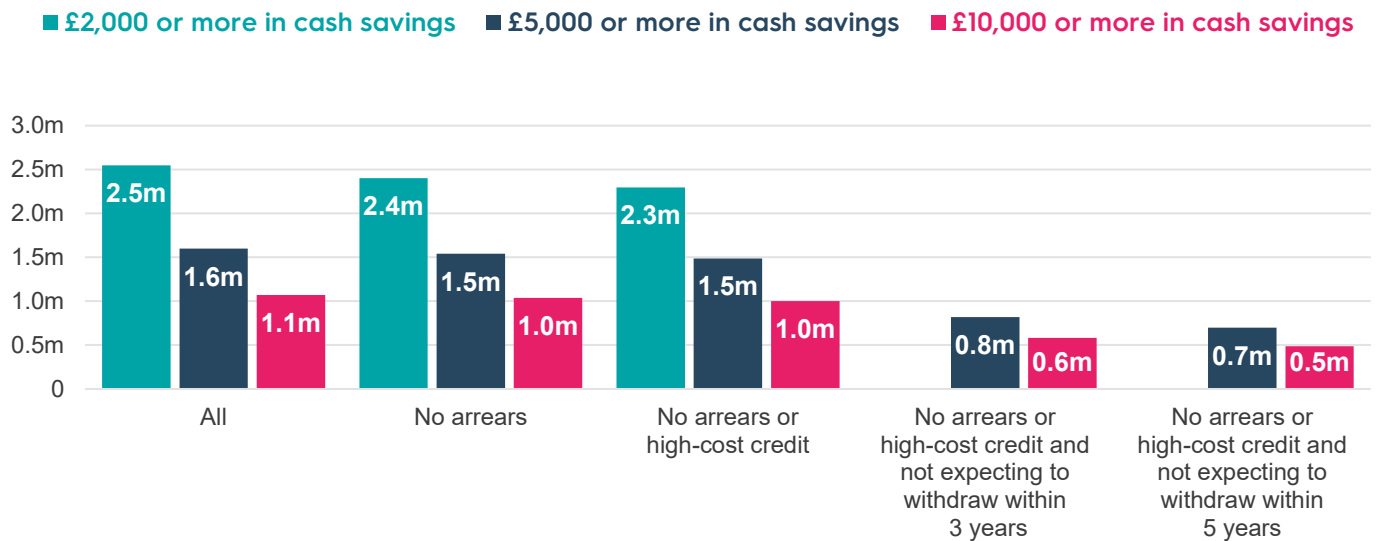
Time in the market is clearly important for compound growth, but this needs to be balanced with a clearer explanation of volatility and risk. Rather than focusing on a fixed time horizon, it may be more helpful to emphasise that investments can fluctuate in value and that, where possible, investors should avoid withdrawing funds during market downturns.

³⁰ FCA (May 2025), [Should you invest?](#).

³¹ Personal Finance Research Centre, University of Bristol (September 2025), [Understanding the Role of Savings in Building Longer-term Financial Security](#)

Figure 18: Many people living in low- and moderate-income households may have the potential to invest

Number of non-retired adults aged 25 to 64 living in low- and moderate-income households with the potential to invest under various criteria: UK, May 2024



Notes: Low- and moderate-income defined as people who live in households with gross non-equivalised BHC income less than £40,000. The time horizon question was only answered by those with £5,000 or more in cash savings.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

Figure 18 shows that a meaningful number of people in low- and moderate-income households could potentially make their savings work harder through investing, provided their immediate financial position is secure.

Given the arguments above, there is a strong case to challenge the long-standing industry rules of thumb – such as holding £10,000 in cash or following a five-year investment horizon – which can be arbitrary, difficult to achieve, and may discourage participation.

Instead, a £2,000 cash savings threshold provides a more practical and evidence-based indicator of financial resilience. Research shows that holding savings at this level is associated with a significantly lower risk of negative outcomes, such as falling into debt. However, shorter-term financial resilience remains essential, so paying off high-cost credit and clearing arrears should come before investing.

A £2,000 threshold also represents a more realistic starting point for many people living in low- and moderate-income households. This is supported by evidence from the US, which finds that individuals in these households are more likely to begin investing when they have at least two weeks' worth of liquid savings (around \$1,500 to \$2,000), and that this level of savings is a strong predictor of continued participation.³²

On this basis, around one in five (20%) people in low- and moderate-income households met these criteria – holding more than £2,000 in cash savings, with no high-cost credit or arrears, but not currently investing. This suggests there is scope to considerably increase investment participation, potentially doubling the number of investors living in low- and moderate-income households. Importantly, this could be achieved without undermining financial resilience, as people can invest small amounts regularly while continuing to build their emergency savings and work towards longer-term goals.

But financial capacity is only part of the story. The next section therefore explores the behavioural and informational barriers that may be holding some potential investors back.

³² CommonWealth (March 2026), [Retail Investors on the Rise: What Billions of Transactions Reveal About Today's Retail Investors Living on Low and Moderate Incomes](#)

4. Barriers to investing extend beyond financial capacity

Previous research has identified a range of barriers to investing. These include both structural barriers, and challenges with product design, as well as behavioural barriers.

A major barrier is simply a lack of financial resources. International survey evidence from 2024, covering 13,000 respondents across 13 countries, found that 45% of non-investors said they did not have enough money to invest.³³ Several interviewees living in low- and moderate-income households reflected they would need higher incomes to save and consider investing. However, affordability is only part of the story.

Structural barriers linked to product design also limit participation. Many financial products are built around assumptions of stable income, regular surplus, and long-term, consistent contributions. However, millions of households experience volatile and unpredictable earnings, making it difficult to engage with products that require fixed monthly payments or restrict access to funds.³⁴ Investment products can also be complex and jargon-heavy, particularly for those with low financial confidence or limited time and headspace: 92% of people with low financial capability feel overwhelmed when dealing with financial providers, often struggling to compare options, understand fees, or assess risk and return.³⁵

Commercial incentives can mean that some groups are less well served. Many investment platforms rely on complex fee structures, minimum contribution thresholds, or advisory models that are most viable for customers with larger investable sums. For example, research finds that those with smaller investment pots often face a larger relative cost and tiered fee structures generally may make it cheaper for consumers who trade relatively frequently.³⁶ This suggests that those with small, irregular, or lower-value contributions, may be underserved.

Behavioural barriers are also significant. These include risk aversion, overestimating the likelihood of losses, limited financial knowledge, a preference for easy access to savings, and the perception that investing is not for “people like me”. The same international survey found that 39% of respondents cited fear of losing money as a reason for not investing; 28% said they do not know how to invest; and 17% said they are not confident they would be able to access their money when needed.³⁷

This section focuses particularly on behavioural barriers among those who may have the financial capacity to invest. As a result, we limited the analysis in this chapter to people in low- and moderate-income households with at least £2,000 in cash savings, as for those with savings below this level, the immediate priority is likely to be building up a larger liquid buffer.

Potential investors are more risk averse than those who already invest

Among non-investors in low- and moderate-income households, risk aversion appears to be a significant constraint. Figure 19 shows that, in May 2024, nearly a third (32%) of non-investors with £2,000 or more in cash savings said they were unwilling to take any risk to achieve higher returns, compared with just 11% of investors. More broadly, two-thirds (66%) of non-investors clustered at the lower end of the risk scale (0-3), indicating a strong preference for security over potential growth.

At the other end of the spectrum, a smaller group of non-investors appear relatively comfortable with risk: around 8% scored 7-9 on the scale, with a very small share reporting the highest risk tolerance. For these individuals, barriers may be less about attitudes to risk and more about practical or behavioural factors – such as inertia, complexity, or lack of engagement with investment products.

Figure 19 also highlights that some investors are relatively risk averse, with a notable minority reporting low willingness to take risk (34% at the lower end of the risk scale 0-3). This suggests that, for some, investment choices may not be fully aligned with their preferences or comfort levels, underlining the importance of

³³ World Economic Forum (March 2025), [2024 Global Retail Investor Outlook](#)

³⁴ Nest Insight (2024), [Fluctuation Nation: Lifting the lid on the millions of people managing a volatile income](#)

³⁵ FCA, Financial Lives Survey 2024.

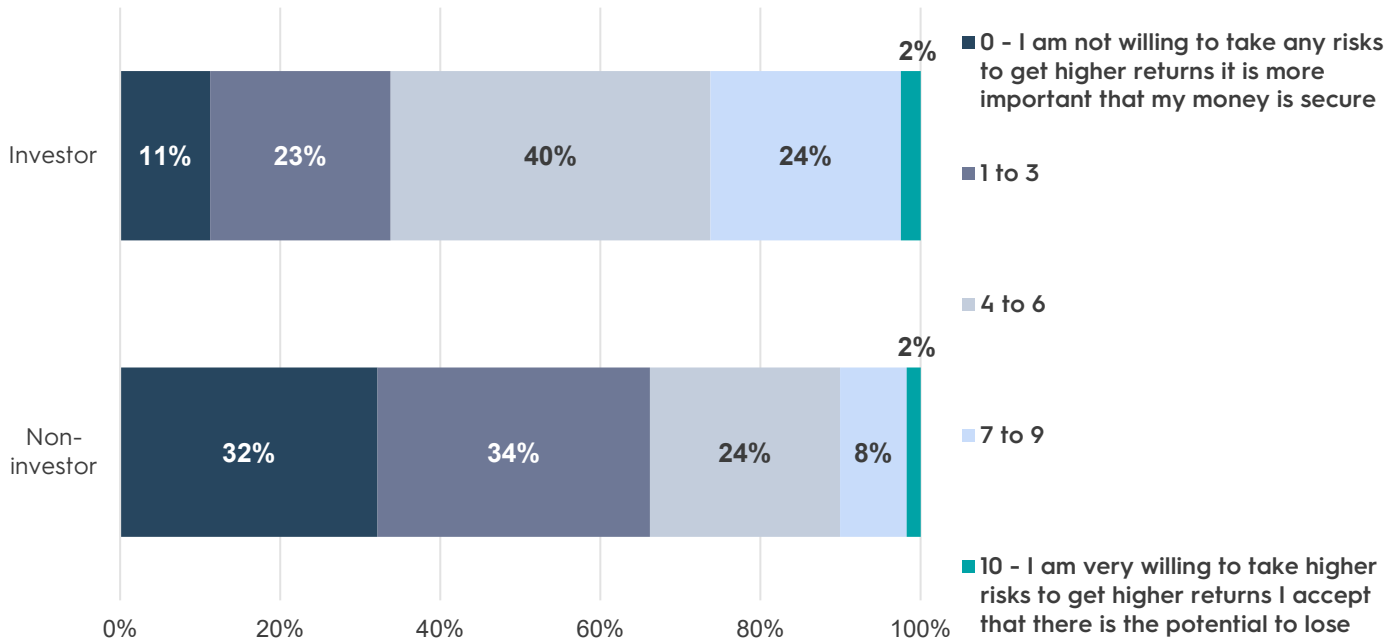
³⁶ FCA (July 2018), [Investment Platforms Market Study](#)

³⁷ World Economic Forum (March 2025), [2024 Global Retail Investor Outlook](#)

appropriate product design, guidance, and support to help individuals make decisions consistent with their financial goals and risk tolerance.

Figure 19: Non-investors tend to be more risk averse

Willingness to take risk when investing among non-retired adults aged 25 to 64 living in low- and moderate-income households with £2,000 or more in cash savings, by investor status: UK, May 2024



Notes: ‘How willing are you to take risk when investing?’. Excluding ‘don’t know’. Low- and moderate-income defined as people who live in households with gross non-equivalised BHC income less than £40,000

Source: Nest Insight analysis of FCA, Financial Lives Survey.

Figure 20 shows clear differences in risk tolerance across both gender and age among non-investors in low- and moderate-income households with at least £2,000 in savings. Women were notably more risk averse than men, with 37% saying they were unwilling to take any risk to achieve higher returns, compared with 25% of men. Research suggests that women tend to take on greater responsibility for household finances and are more closely involved in the day-to-day running of the home, including managing bills. This responsibility may encourage a greater focus on budgeting and meeting immediate needs, potentially leaving less capacity to prioritise longer-term financial goals. This may help to explain observed differences in risk appetite.³⁸

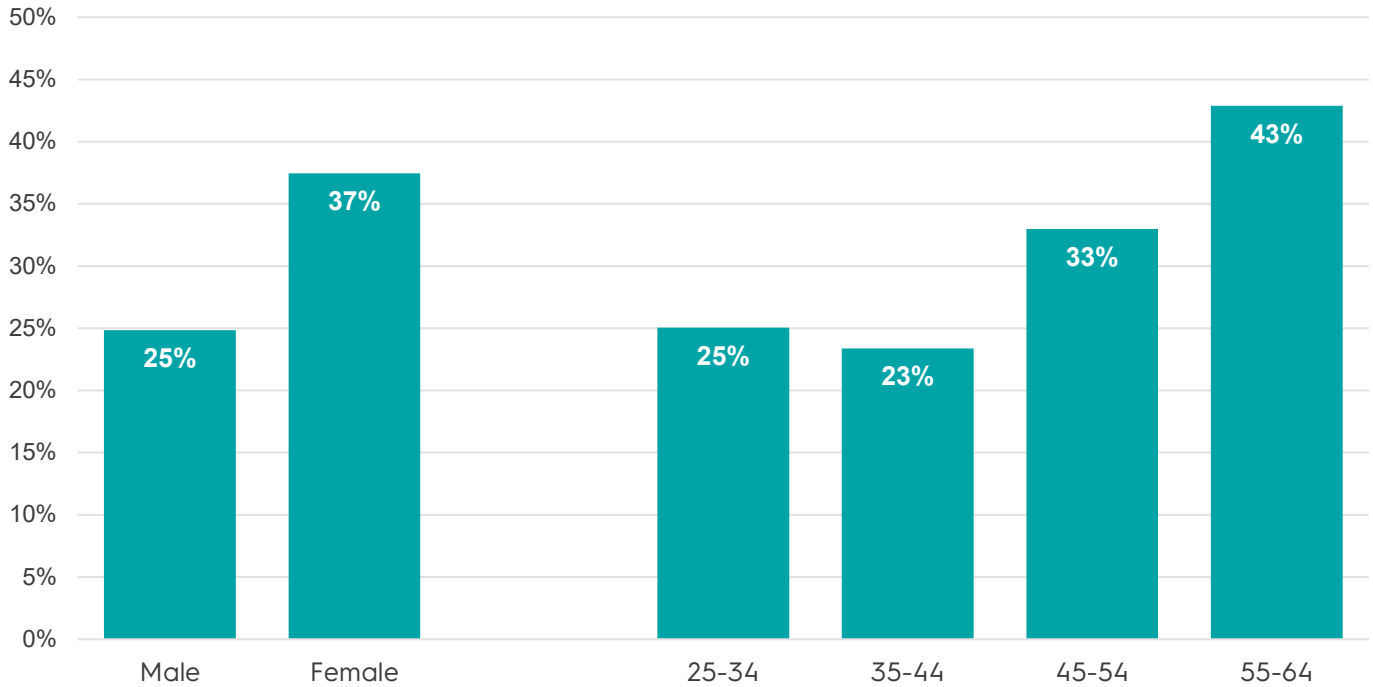
Risk aversion also increases steadily with age. Around a quarter of younger adults report being unwilling to take risk (25% among those aged 25 to 34 and 23% among those aged 35 to 44), rising to a third (33%) among those aged 45 to 54 and reaching 43% among those aged 55-64. This pattern is consistent with more recent evidence showing older individuals tend to be more risk averse: for example, one industry survey found that 45% of Gen X respondents viewed investing as too risky, compared with just 18% of Gen Z.³⁹ This is partly expected, reflecting the long-established approach of gradually reducing investment risk as people approach retirement, when protecting income and limiting financial volatility typically becomes more important.

³⁸ See, for example James, H. & A. Agunsoye (2022), [The gendered construction of risk in asset accumulation for retirement](#), and Department for Work and Pensions (October 2012), [Household financial decision making: Qualitative research with couples](#)

³⁹ The Investment Association (October 2025), [Consumer Pulse Survey: Budget Season 2025](#)

Figure 20: Women and older age groups are more risk averse

Proportion of non-retired non-investors aged 25 to 64 living in low- and moderate-income households with £2,000 or more in cash savings that are not willing to take any risks to get higher returns as it is more important that their money is secure, by sex and age group: May 2024, UK



Notes: 'How willing are you to take risk when investing?'. Excluding 'don't know'. Low- and moderate-income defined as people who live in households with gross non-equivalised BHC income less than £40,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

Low confidence appears to be stopping people from investing

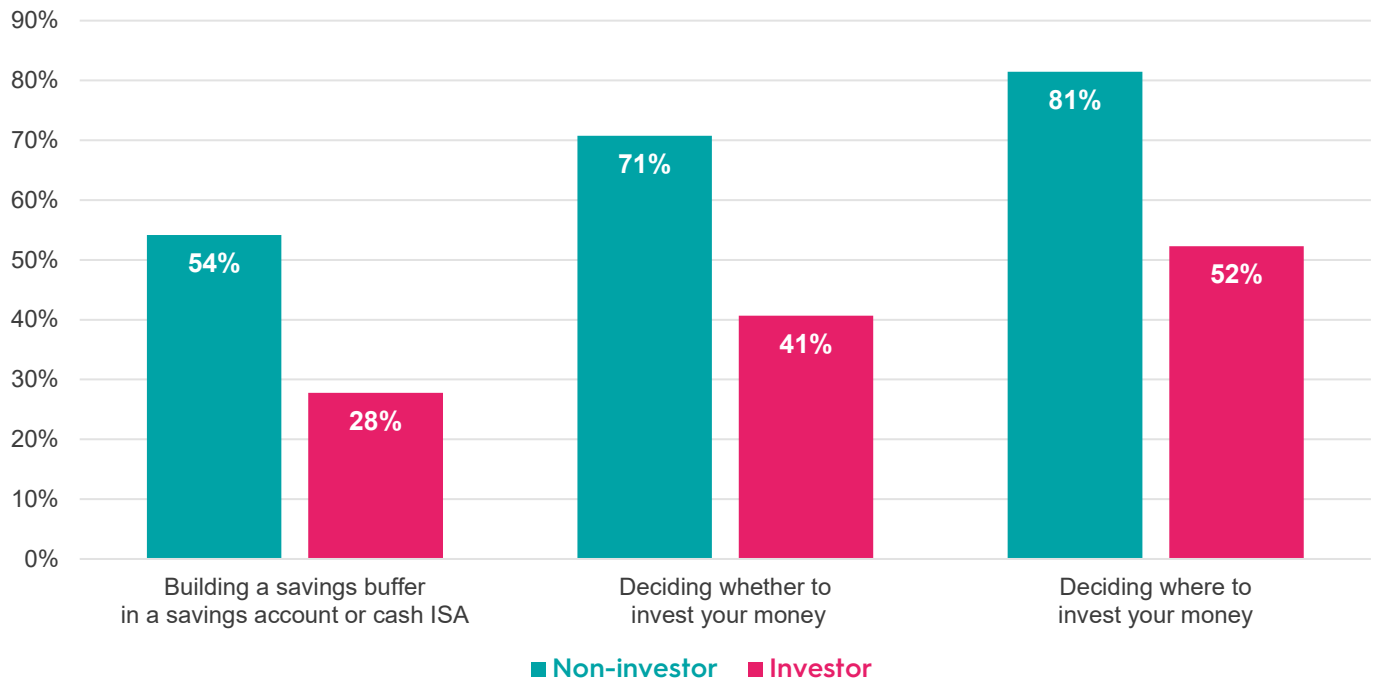
Another important barrier is low confidence in financial decision-making. Many expert interviewees highlighted "choice paralysis", where the sheer range of options feels overwhelming and leads to inaction, as people prefer to do nothing rather than risk making the wrong decision.

This lack of confidence is reflected in the data. Figure 21 shows that a large majority of non-investors in low- and moderate-income households say they would need expert support or impartial information or guidance before deciding whether to invest. In May 2024, 71% of non-investors with at least £2,000 in cash savings reported needing additional support, compared with around 41% of investors. Improving access to advice and guidance could therefore play an important role in increasing participation while also strengthening confidence among existing investors.

More specifically, 81% of non-investors and 52% of investors said they would need expert support or impartial information or guidance when deciding where to invest their money. This is unsurprising given the breadth and complexity of available products. Expert interviewees commented that, even within a single Stocks and Shares ISA, individuals often face numerous choices across risk levels, asset classes and sectors, and many people also encounter "mixed messages" about how they should organise their finances, further reinforcing uncertainty and hesitation. Reducing complexity could bring benefits to both investors and non-investors.

Figure 21: The majority of ‘potential investors’ would need additional support in deciding whether to invest

Proportion of non-retired adults aged 25 to 64 living in low- and moderate-income households with £2,000 or more in cash savings that would need additional support in making various financial decisions, by investor status: UK, May 2024



Notes: ‘Which decisions could you make yourself (in future) without any support e.g. from an expert/ adviser, or via impartial information/ guidance?’. Chart shows those that answer no to this question. Low- and moderate-income defined as people who live in households with gross non-equivalised BHC income less than £40,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

Non-investors tend to have a more limited understanding of the risks associated with holding cash and the potential benefits of investing

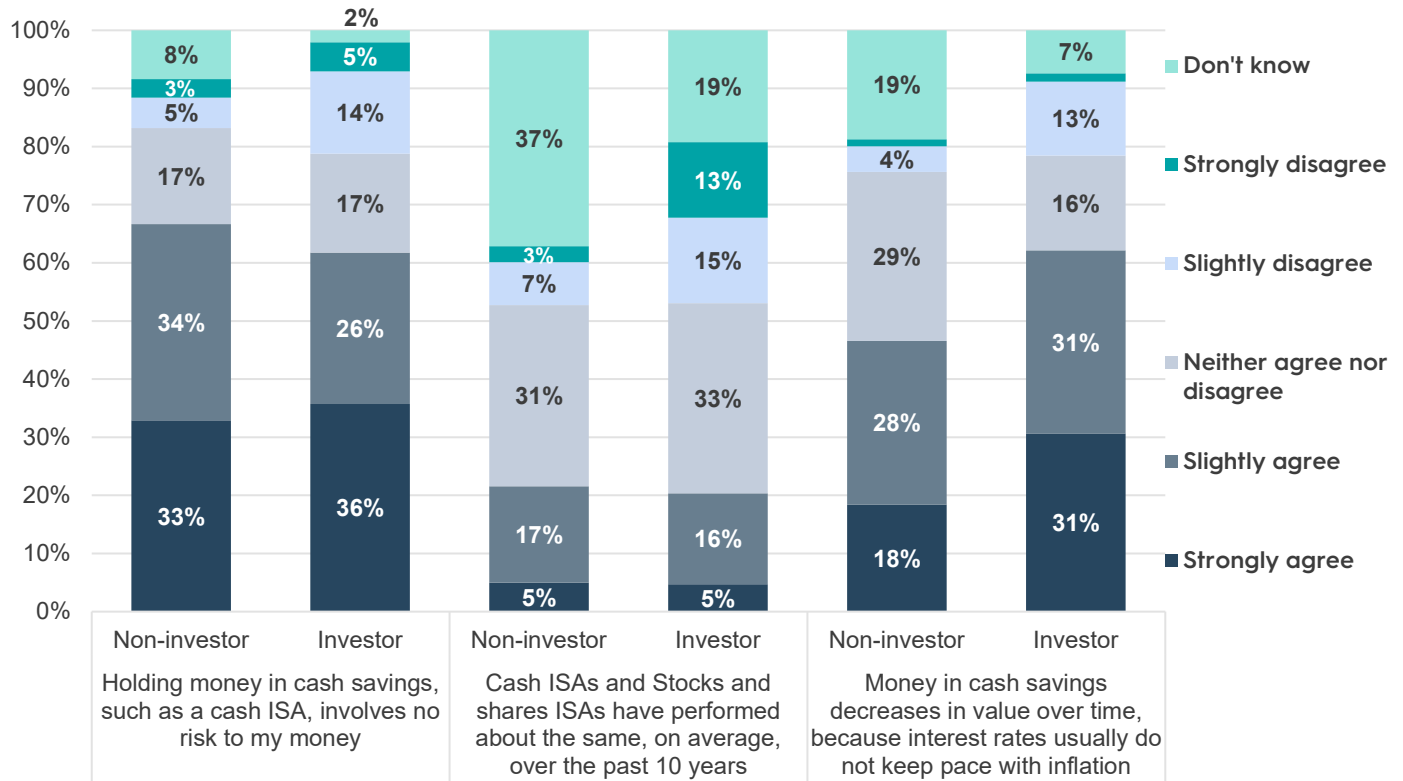
As mentioned above, another barrier to investing is limited knowledge and understanding. Many people assume that cash savings are risk-free, yet Figure 2 highlights that there is significant inflationary risk associated with holding money in cash: over the long term, the real value of cash savings has declined as inflation outpaced interest rates.

Figure 22 shows that investors tend to have a stronger understanding of these risks than non-investors. For example, 19% of investors living in low- and moderate-income households disagreed with the statement that there is no risk involved in holding money in cash savings, compared with just 8% of non-investors.

Similarly, investors were more likely to understand the relative performance of cash ISAs and Stocks and Shares ISAs: nearly a three in ten (28%) investors in low- and moderate-income households disagreed that the two have performed similarly over the past 10 years, compared with 10% of non-investors. Finally, more than three in five (62%) of investors recognised that money held in cash savings tends to lose value over time due to the relationship between inflation and interest rates. This fell to 47% among non-investors, who were also more likely to say they did not know – 19% compared with 7% of investors.

Figure 22: Investors tend to be more knowledgeable about the risks of cash savings

Proportion of non-retired adults aged 25 to 64 living in low- and moderate-income households that agree/disagree with the following statements, by investor status: UK, May 2024



Notes: Excluding DNs. Low- and moderate-income defined as people who live in households with gross non-equivalised BHC income less than £40,000. This question was asked to non-advised adults with £10,000 or more in investible assets or those who could cover their household living expenses for more than three months if they lost their main source of household income.

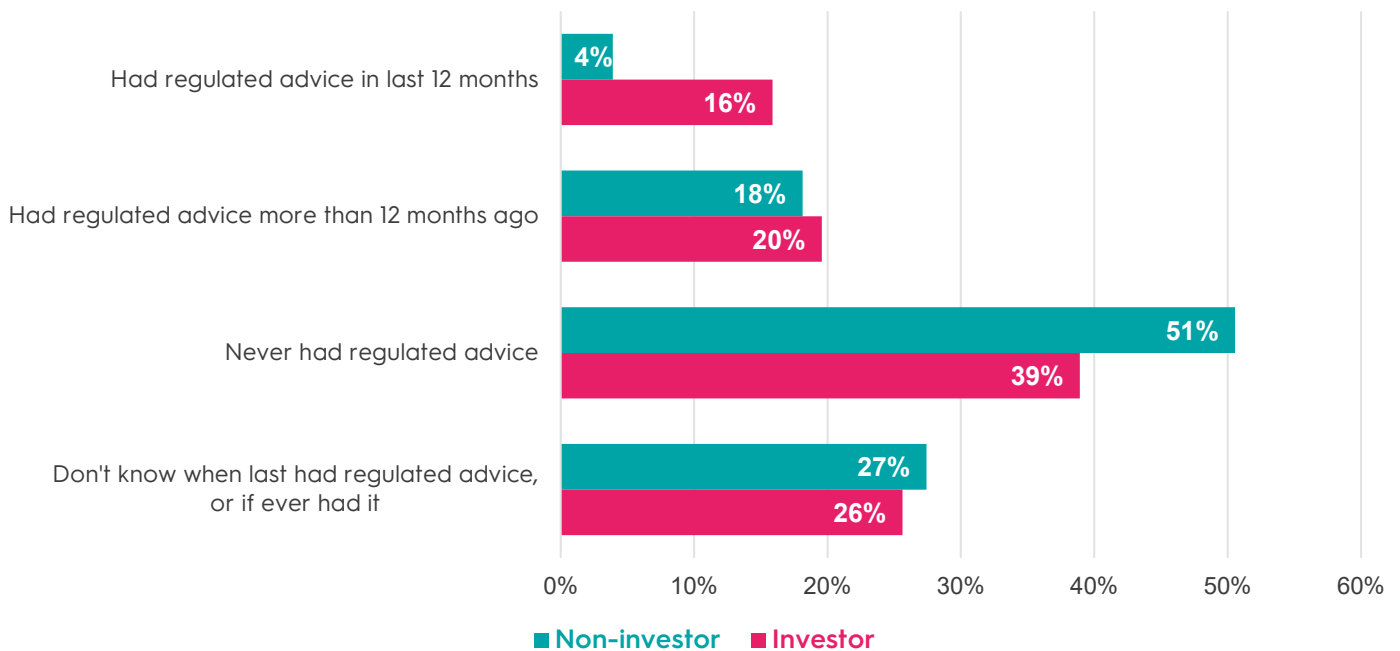
Source: Nest Insight analysis of FCA, Financial Lives Survey.

Uptake of financial advice is low – particularly among non-investors

The limited confidence and financial knowledge demonstrated by non-investors provides important context when considering the uptake of financial advice across different groups. Figure 23 shows that investors from low- and moderate-income households are more likely than non-investors to have received advice, but that advice remains rare for both groups. For example, in May 2024, less than one in five (16%) investors in low- and moderate-income households reported receiving financial advice in the past year, compared with just 4% of non-investors. It is difficult to determine whether this reflects self-selection – with more financially engaged individuals being more likely to seek advice – or whether advice itself encourages investment uptake. Either way, it is highly likely that there would be benefits to increasing access to financial advice and guidance across the population.

Figure 23: Very few people receive financial advice

Proportion of non-retired adults aged 25 to 64 living in low- and moderate-income households with £2,000 or more in cash savings that have had financial advice in the past 12 months, by investor status: UK, May 2024



Notes: Excluding DNs. Low- and moderate-income defined as people who live in households with non-equivalised BHC income less than £40,000.

Source: Nest Insight analysis of FCA, Financial Lives Survey.

Some progress has been made in this area. The FCA has highlighted an ‘advice gap’. At one end of the spectrum, there is regulated advice, where firms make recommendations to people on how to make the most of their money, taking into account their individual circumstances.⁴⁰ At the other end, there are sources of support – ‘guidance’ – such as factual information from firms or other sources, which is general rather than personalised to consumers’ circumstances. To fill this gap, the FCA has announced a new regulatory framework for targeted support, which will allow firms to provide suggestions designed for groups of consumers with common characteristics, to help them be more confident in making decisions about their finances. The new rules are expected to take effect from 6 April 2026.⁴¹

The perception that investing is not for “people like me” may be preventing people from investing

Another significant barrier is the perception that investing is “not for someone like me”. This belief appears to deter many people from engaging with investing at all. A nationally representative survey of 2,000 UK adults found that only a third (36%) agreed with the statement “investing is for someone like me”. Women were less likely to feel this way, with only 28% agreeing, compared with 46% of men.⁴² Among those who are not currently investing, attitudes are even more entrenched: fewer than one in five (17%) believe that investing could be for someone like them.⁴³ This suggests that for a substantial group, low participation reflects deep-seated perceptions rather than a simple lack of information or opportunity.

⁴⁰ Thinks Insight & Strategy (June 2025), [Advice Guidance Boundary Review: Retail Investments Consumer Research](#)

⁴¹ FCA (December 2025), [Supporting consumers’ pensions and investment decisions: rules for targeted support](#)

⁴² The Investment Association (October 2025), [Consumer Pulse Survey: Budget Season 2025](#)

⁴³ The Investment Association (October 2025), [Consumer Pulse Survey: Budget Season 2025](#)

This sentiment also came out strongly from interviews with people living in low- and moderate-income households. As one interviewee put it: *“I just think it's just not for me like you know, I investments and all that kind of thing is, Yeah, it's just not me.”*

These perceptions are reinforced by widely held beliefs about needing very large financial buffers before investing. A recent Moneybox survey found that 87% of cash ISA savers felt they would need a substantial level of savings before feeling comfortable investing, with an average perceived threshold of nearly £28,000.⁴⁴ Industry norms and rules of thumb – such as the frequently cited £10,000 benchmark – may unintentionally reinforce the idea that investing is only for people who are already relatively wealthy.

Another way that identity influences investment behaviour is through peer effects. For example, investors are much more likely to know other investors: 40% of those holding traditional investment products say they know several others who invest, compared with just 13% of non-investors. A similar pattern holds for higher-risk investments, where 32% of holders know several others who also invest in these products.⁴⁵ Together, this evidence suggests that investing often spreads through social norms and peer effects – leaving those without exposure or role models more likely to conclude that investing simply isn't for people like them.

Overall, the evidence shows that barriers to investing extend well beyond financial capacity alone. While limited savings, income volatility and the need for liquidity prevent many from investing, behavioural and perceptual barriers are equally important. Heightened risk aversion, low confidence, limited knowledge, choice overload and a widespread belief that “investing is not for people like me” all contribute to inaction – even among those with the financial potential to invest. Social influences and access to trusted guidance also play a significant role, shaping whether investing feels accessible and appropriate. Taken together, this suggests that increasing participation will require more than improving financial readiness: it will also depend on building confidence, improving understanding, simplifying decisions and reshaping perceptions so that investing feels relevant, achievable and aligned with people's financial goals.

⁴⁴ MoneyBox, [£27,617: The ‘confidence cushion’ savers say they need before investing](#)

⁴⁵ Thinkinsight & Strategy (June 2025), [Advice Guidance Boundary Review: Retail Investments Consumer Research](#)

Conclusions and next steps



Conclusion and next steps

This report provides a comprehensive assessment of retail investment participation among low- and moderate-income households in the UK. We have shown that:

- › **One in five (21%) people in low- and moderate-income households were already investing.** Around 2.3 million non-retired people aged 25 to 64 living in low- and moderate-income households were investing in May 2024. However, our analysis also shows that some people were investing but lack a substantial emergency savings buffer: over a third (35%) of investors from low- and moderate-income households had less than £2,000 in cash savings. This is equivalent to around 800,000 people, or 7% of those living in low- and moderate-income households.
- › **Investing may not be appropriate for everyone, particularly those with low financial buffers.** We find that nearly half (48%) of people living in low- and moderate-income households had less than £2,000 in cash savings and were not investing in May 2024 – equivalent to 5.5 million people. For these people, strengthening emergency savings buffers should be the priority before moving onto investing.
- › **Up to a fifth (20%) of people in low- and moderate-income households could be making their money work harder for them.** Up to 2.3 million non-investors in low- and moderate-income households may have the financial capacity to make their money work harder through investing based on practical indicators of financial readiness – such as holding having at least £2,000 in cash savings, having no high-cost credit and not being in arrears.

Importantly, for those with the financial capacity to invest, the barriers are rarely purely financial. Behavioural and informational barriers, as well as challenges with the way products are designed, play a major role in discouraging participation. Many people are highly risk averse, lack confidence in making financial decisions, feel overwhelmed by the range of investment choices, and have misunderstandings about risk – particularly the belief that cash is risk-free. Just as importantly, social and psychological factors matter: many people feel that investing is “not for someone like me” and therefore might find it hard to take the first step in a system of investment options that does not feel like it is designed for their needs and context.

The next phase of this project will focus on identifying opportunities for appropriately widening participation in investing – particularly among those who have emergency savings but face behavioural and structural barriers. By examining how changes to products, services and support – spanning market design, policy and workplace channels – could better meet the needs of underserved groups, we will develop a shortlist of practical innovations for real-world testing.

Annex: glossary of savings and investment products

Cash ISAs: tax-free savings accounts where interest earned on cash deposits is not subject to UK income tax.

Contracts for Difference (CFDs): an agreement to exchange the difference in value of an asset between the point at which the contract is opened and when it is closed, allowing investors to speculate on price movements of assets without owning the underlying asset. They often involve leverage and carry a high risk of loss.

Corporate bonds or government bonds (gilts): debt securities issued by companies or governments to raise money for business expansion, operations, or debt refinancing. Investors lend money to the issuer for a set period and receive regular interest payments and the return of their capital at maturity. UK government bonds are known as gilts.

Credit union accounts: savings accounts offered by member-owned financial cooperatives (credit unions), often serving local communities and offering simple savings and loan products.

Cryptocurrencies and cryptoassets: digital assets that use cryptography and distributed ledger technology (such as blockchain), operating independently of central banks. Examples include Bitcoin and Ethereum. These assets are typically highly volatile and are not considered traditional financial investments.

Current accounts: bank accounts used for everyday money management, allowing deposits, withdrawals, and payments such as direct debits and card transactions.

Current accounts with a payment services institution or an e-money provider: accounts offered by non-bank financial firms (such as fintech companies) that allow users to hold money and make payments but may not offer the full range of services provided by banks.

Help to Buy ISAs: government-backed, tax-free savings accounts for first-time buyers, providing a 25% bonus (up to £3,000) on savings of up to £12,000 to boost mortgage deposits. Help to Buy ISAs are no longer open to new applicants.

Insurance bonds (investment bonds): long-term investment products offered by insurance companies. It can take the form of a whole life or term life policy while letting policyholders invest their premiums.

Investment-based crowdfunding: a way for individuals to invest in businesses, usually early-stage companies, through online platforms in exchange for shares or other forms of ownership.

Investment funds: pooled investment products that combine money from many investors to invest in a diversified portfolio of assets such as shares, bonds, or other securities. Examples include unit trusts, OEICs, and exchange-traded funds (ETFs).

Innovative Finance ISAs: a type of ISA that allows individuals to earn tax-free interest by investing through peer-to-peer lending or similar platforms.

Lifetime ISAs: is a tax-free savings account for people aged 18 to 39, designed for buying a first home or retirement. Savers can deposit up to £4,000 annually, receiving a 25% government bonus until age 50. Withdrawals for other reasons incur a 25% penalty. Savers can hold cash or stocks and shares in their Lifetime ISA or have a combination of both.

Mini bonds: unlisted debt securities issued directly by companies to investors, usually offering a fixed rate of interest over a set period.

National Savings and Investments (NS&I) bonds: savings products issued by the UK government through National Savings and Investments, such as Premium Bonds or fixed-term savings bonds, where funds are backed by the government.

Peer-to-peer lending: online platforms that match individuals who want to lend money with individuals or businesses seeking loans. Investors earn interest from the repayments made by borrowers.

Savings accounts: bank or building society accounts designed to hold savings and earn interest.

Shares in a listed company or companies: ownership stakes in companies that are traded on a public stock exchange. Investors may earn returns through dividends or increases in the share price. This may include shares given to employees by their employer.

Shares in an unlisted company or companies: ownership stakes in private companies whose shares are not traded on public stock exchanges.

Stocks and Shares ISAs: a tax-advantaged savings account that allows individuals to invest in assets such as shares, investment funds, and bonds without paying UK tax on investment returns.

Structured deposits: savings products where the return is linked to the performance of a financial market or index (such as a stock market). The initial capital is typically repaid if held to maturity.



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