Centre for Inclusive Money at Nest

Opportunity map

Unlocking investing for more low- and moderate-income households

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The BlackRock Foundation

Guided by BlackRock's purpose to help more and more people experience financial well-being, The BlackRock Foundation funds and partners with organizations that strengthen financial security by helping people earn, save and invest – earlier, more often and for their futures. BlackRock's Emergency Savings Initiative is made possible through philanthropic support from The BlackRock Foundation. The initiative brings together partner companies and nonprofit financial health experts to make saving easier and more accessible for people living on low and moderate incomes.
For more information, visit:
blackrock.com/corporate/about-us/social-impact

About us

Centre for Inclusive Money at Nest

As a public benefit research and innovation centre, our mission is to find what really works in supporting low- and moderate-income households to be financially secure, both today and into retirement, and to drive transformational change in the system.

We build and amplify deep, rigorous insight into the lived experience of low- and moderate-income households, seeking to better understand how people actually earn, spend, save, cope with the unexpected, and invest for the future. We develop innovative solutions grounded in that understanding. We test them in the real world. We gather robust, rounded evidence about what genuinely makes a difference. And throughout, we work with the people who have the power to act – industry, employers and government – to turn that evidence into lasting change; informing decisions and catalysing the adoption of what works at scale. We work inclusively and collaboratively across boundaries and silos, because we know no single organisation can deliver this kind of change alone. We are building towards a fairer and more inclusive system of joined-up products and services that meets people where they are, supports their diverse needs and makes it easier for them to achieve good outcomes. Getting this right and improving household financial security can unlock greater individual wellbeing, social participation and economic growth. For more information, visit: **inclusivemoney.org.uk**

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Since its creation in 2012, following the introduction of auto enrolment, Nest offers every UK worker somewhere good to save, and aims to deliver long-term growth for members while carefully managing risk. It's now the largest workplace pension scheme in the country, with 14 million members. One in three of the working population has a Nest pension pot. By 2030, we expect that number to grow to half of the entire UK workforce. One in three of the working population has a Nest pension pot. By 2030, we expect that number to grow to half of the entire UK workforce. Nest's members benefit from an award-winning responsible investment strategy and one of the most diversified DC portfolios in the industry. By the end of the decade Nest will have close to £100 billion assets under management. For more information, visit: **nestpensions.org.uk**

Guided by BlackRock's purpose to help more and more people experience financial well-being, The BlackRock Foundation funds and partners with organizations that strengthen financial security by helping people earn, save and invest – earlier, more often and for their futures. BlackRock's Emergency Savings Initiative is made possible through philanthropic support from The BlackRock Foundation. The initiative brings together partner companies and nonprofit financial health experts to make saving easier and more accessible for people living on low and moderate incomes. For more information, visit: **blackrock.com/corporate/about-us/social-impact**

The Money and Pensions Service (MaPS) is an arm's-length body sponsored by the Department for Work and Pensions (DWP), established by the Financial Guidance and Claims Act 2018. It was set up to support the policy aims of DWP and HM Treasury in relation to pensions guidance, money guidance, debt advice, and the improvement of financial capability from childhood through to later life. Central to MaPS' purpose is providing credible, expert information that drives action. By working with organisations that produce or commission research on consumer financial wellbeing, MaPS helps fill evidence gaps and supports government, partners and industry to make more informed decisions. For more information, visit: **maps.org.uk**

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2. What if more people felt that investing was relevant for them?	Only **17%** of non-investors agree that 'investing is for people like me'. Those who feel like investing is for them are more likely to be male, younger and higher earners.[2]	Many people with low- and moderate-incomes feel investing is not 'for them'. This is particularly true for people who don't know anyone else who is an investor among their family or friends.	✦ Working with peer networks and trusted, relatable voices, especially through familiar environments such as the workplace or community groups, to share information and discuss options. ✦ Integrating investing information and solutions at key touch points and moments, such as when people first open a bank account or welcome a child into their family. ✦ Exploring how seed funding could be used effectively to encourage engagement with investing from a young age.
3. What if money for investing could be freed up by reducing the need people feel to hold large amounts of cash to self-insure?	Only **10%** of people in low- and moderate-income households have critical illness cover and only **5%** have income protection insurance.[3]	People living in low- and moderate-income households can feel more exposed to future financial shocks and as a result be more risk-averse. Holding onto more money in cash is a way of managing uncertainty. Take-up of insurance for financial shocks such as loss of income and ill health is low.	✦ Exploring the role that wider uptake of relevant insurance could play in supporting people to feel more comfortable with investing. ✦ Providing reassurance about access to invested money in time of need, as well as information about other safety nets.

Opportunity space	The need		Opportunities
For people who are thinking about investing...			
4. What if it was easier to compare the true risks of investing alongside the risks of holding money in cash?	On average, consumers estimate the probability of losing money in a stocks and shares ISA over a ten-year period at more than **25%**. In reality, the historical probability of losing money in the FTSE 100 over a ten-year period over the past 40 years was **3.5%**.[4]	Many people have misconceptions about investing, such as over-estimating the risk of losing all their money and seeing cash as being safer than it is.	✦ Using clear, balanced information about risk and return tailored to different stages of the customer journey, including presenting the performance of savings and investments alongside each other. ✦ Using familiar voices in trusted settings to share information and create opportunities to ask questions. ✦ Using chatbots, in-app assistants and other tools to provide real-time, personalised responses to questions to help prospective and new investors to understand risks and potential rewards.
5. What if it were more straightforward to decide where, how and what to invest in?	**Two in five (38%)** people say that deciding how to invest their money is one of the top three hardest decisions in life. Only buying a house ranked higher **(42%)**.[5]	Deciding where to invest and what to invest in involves multiple decisions. Choice complexity and information overload prevent people who are thinking about investing from getting started.	✦ Designing linked journeys, for example opening an investment account alongside a savings account at the same time to reduce friction. ✦ Exploring ways to reduce choice overload and signpost simple journeys to people who are starting out, such as a kitemark the help investors identify products for beginners. ✦ Exploring ways to present information such as a comparison table for investment funds to enable investors to better understand past performance, risk, and a comprehensive description of fees. ✦ Developing approaches that combine human interactions and technology to widen access to advice to help individuals build a portfolio.
For people who have started investing...			
6. What if people were supported in the early days of investing to build and sustain an investment habit?	It can take **6 to 12 months** of investing for people to see themselves as investors. Once this identity develops, it is linked to more positive experiences, a stronger intention to add funds and a greater likelihood of recommending investing to others.[6]	People who do start investing may pull out or struggle to sustain an investing habit without reassurance and reinforcement.	✦ Using rewards and gamification to help people sustain investing, particularly in the first 6 to 12 months. ✦ Exploring whether hybrid savings and investment models can help financially vulnerable investors build emergency savings while increasing the visibility of savings alongside investments. ✦ Reviewing how different groups use in-platform education and guidance tools to understand which features are most useful and how they could be better tailored to people in low- and moderate-income households. ✦ Facilitating communities of investors with similar characteristics and similar levels of experience to learn from each other.

Introduction

Financial security is about more than meeting day-to-day needs and managing unexpected costs.

For many households, it also means building assets and making progress towards longer-term goals, whatever those may be: saving to buy a car, the deposit for their first home, starting a small business, supporting their family, friends and communities; or simply having the peace of mind and stability to face what the future holds for them.

This paper is the second in the Centre for Inclusive Money at Nest's exploratory research programme, '**Investing and Growing**', which examines how low- and moderate-income households can build wealth through investing once they have savings beyond those needed for emergencies.

Our first report '**Beyond the buffer**' examined how people in low- and moderate-income households are already engaging with retail investment, how many more could potentially participate, and the barriers they face. It showed that 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. Specifically, we found that, in 2024, 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. This is equivalent to around 2.3 million people.[7]

However, increasing participation among non-investors with the financial capacity to invest will require action to address behavioural, attitudinal and structural barriers. These include low confidence, misconceptions about investing and the perception that investing is not for 'people like me', as well as products that have historically been designed around the needs of higher-income households rather than those on low- and moderate- incomes. While these challenges are longstanding, there is already promising innovation and progress in some areas.

This paper highlights six areas where innovation could help low- and moderate-income households engage with capital markets as part of building financial security and progressing towards longer-term goals. The areas are presented depending on how close someone is to investing: from barriers people face before considering investing, to those that arise when they are ready to start, and finally those encountered once they become investors,

Opportunity spaces

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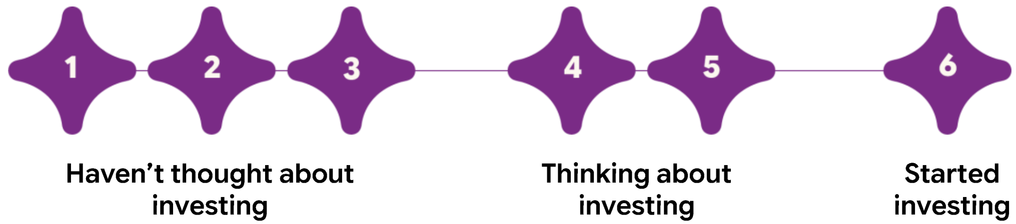


For each innovation space, we identify practical solution springboards that could be explored through piloting and testing, as well as areas where further research could be valuable to refine these potential solutions. These ideas were developed and strengthened through a roundtable with industry, policy and consumer experts. They are not intended to be exhaustive, and progress will likely be needed across several areas to widen access to investing to more low- and moderate-income households. We welcome engagement from organisations with ideas for new solutions or approaches, and from those interested in working with us to explore and test these innovation spaces through real-world trials.

Opportunity spaces – in more detail

Haven't thought about investing

1.

What if people started investing smaller amounts earlier alongside saving, rather than waiting to hit a high savings threshold?

Many people are unsure when it is appropriate to begin investing:

71%

of non-investors with at least **£2,000** in cash savings said they would need support to decide whether to invest.[1]

What is the need?

Deciding when to start investing is challenging. It involves trade-offs between current consumption, saving for emergencies and other long-term saving such as pension saving. The financial services industry often uses rules of thumb such as having £10,000 in savings or having between three to six months of income or essential expenditure before suggesting people start investing. This is in part based on the idea of having sufficient emergency savings, but the amount people feel they need varies widely. For example, in September 2025, more than a quarter (28%) of people in low- and moderate-income households felt they needed less than £1,000 for unexpected expenses and emergencies, while 17% felt they needed £10,000 or more.[8]

Our first report questioned how helpful these rules of thumb were. We heard that these benchmarks can be unrealistic for many, particularly those on low and moderate incomes, and may discourage engagement by making investing feel out of reach before an arbitrary cash savings threshold has been reached.[9] These rules of thumb may also be contributing to the perception that people need to be wealthy to start investing. Research by Wealthify found that people think they need to have, on average, £41,000 before they start investing.[10]

Deciding when to invest also carries the added fear of 'bad timing', where the value of investments could fall after entering the market. If the goal is to grow one's savings over the long term, starting sooner is usually more important than investing at low or high points in financial markets. Research from Vanguard has shown that even the '*unluckiest investor*' (someone who consistently invested in the days before each major market sell-off since 1997) would have substantially outperformed cash in the long-term.[11]

Guidance and advice could help people judge when it is appropriate to start investing. In May 2024, 71% of non-investors in low- and moderate-income households said they needed more support to decide whether to invest. Yet uptake of financial advice remains low: only 4% of non-investors reported receiving financial advice in the 12 months to May 2024.[12]

What are the opportunities?

Using targeted support to provide more nuanced nudges to encourage people to invest some of their savings at appropriate moments

Standard rules of thumb can be too blunt an instrument to help people judge whether investing is appropriate. Targeted support could be used to provide more personalised guidance to help people assess whether they are ready to invest, drawing on information providers may already hold about their levels of savings, as well as their circumstances, transactions or credit risk. This could allow nudging people towards investing at more appropriate cash savings levels, especially where existing rules of thumb feel unrealistic, and where people could begin to try out investing even small sums alongside continuing to save.

There might also be opportunities to target nudges at specific moments of the year, or around life events. Research from the US suggests strong seasonality in investment deposits, with contributions highest in January and December, followed by March and April. Among people on low- and moderate- incomes, more than a third (37%) of annual investment deposits take place during these periods.[16] This could inform how nudges are used and targeted in these moments. Furthermore, in interviews with people from low- and moderate-income households and industry experts, we heard how people often decide to invest following substantial life events such as the birth of a child, a wedding or receiving a small inheritance. Where data is available, investment providers could test whether nudges around major life events such as a pay rise, personal milestones or a financial windfall could increase investment participation. It is possible people will be more comfortable investing larger sums at these moments if they have built some familiarity in the experience of investing with smaller amounts previously, than if investing is a big 'cliff-edge' moment.

Box 1: Targeted support

Consumers currently lack access to the support they need to make important financial decisions. Fewer than 9% of UK adults received financial advice in the year to May 2024, while many others rely on informal and unregulated sources of information, including social media.[13]

In response, the government and the Financial Conduct Authority (FCA) conducted a joint review of the boundary between financial advice and guidance. The review resulted in proposals for a new support framework known as targeted support.

Since 6 April 2026, banks, pension providers and other authorised firms have been able to provide targeted support to groups of consumers with shared characteristics. The aim is to bridge the gap between generic guidance and personalised financial advice, enabling more people to access support when making decisions about pensions, investments and other financial products.[14]

Take-up by firms remains at an early stage. According to a Freedom of Information request, as of April 2026, 28 firms had registered for the Pre-Application Support Service (PASS) for targeted support permissions. Of these, 12 had formally applied for permission to provide targeted support, and three had successfully obtained authorisation.[15]

Since May 2026, Monzo has started rolling out targeted support, offering customers with a high balance of cash savings an investment suggestion based on customers with similar characteristics. Preliminary data indicates that customers receiving targeted support were 33 percent more likely to open an investment account and invested twice as much on average in their initial deposit than comparable customers who did not. Three in four customers accepted the investment suggestion rather than choosing their own funds while two in three adopted an auto-invest feature (like invest your change). Whilst still early days, these are encouraging results suggesting targeted support could boost retail investment.

Developing tools that harness a combination of human-interactions and technology such as AI and open banking to help individuals assess investment readiness

People who have a financial advisor often have better outcomes, both because of the types of products they choose and the behaviours they exhibit.[17] However, in the UK, traditional financial advice is often delivered through a highly qualified, advisor-led model with few advisors serving relatively limited caseloads (150 clients) with substantial assets (£250,000 or more). This means that the model is expensive and difficult to scale, leaving many low- and moderate-income households outside the scope for traditional advice.[18] There is substantial potential for financial services providers to use technology, particularly AI, to improve access and support to a wider range of consumers. For example, AI can be deployed to support scalable, low-cost interventions such as helping individuals assess investment readiness, understand risk, navigate product options, and build confidence. These tools could also make specific, personalised recommendations if delivered within an authorised advice model with strong safeguards around suitability, transparency, and human oversight. The FCA's Mills Review highlights how millions of consumers use AI tools to navigate their financial lives and how 75% of UK financial services already integrate AI, as well as some of the risks of this technology such as algorithmic biases and opaque decision-making.[19] There is also scope to develop approaches that combine elements of human interaction with AI advice. These could help to reduce costs and reach a larger range of clients with the support they need, whilst preserving some of the trust and confidence-building of the traditional advisor model (see more in Box 5).

Encouraging small-sum investing alongside saving for emergencies rather than a purely sequential approach

The existing rules of thumb imply that people need to reach a set savings target before they can begin investing. Many platforms allow people to start investing with as little as £1, including ways to invest small amounts regularly (see Box 2). This makes it feasible for people to invest alongside saving, rather than treating the two as strictly sequential. Recent research showed that for 17% of UK adults knowing they could begin with a small amount would make investing feel more accessible.[20] Providers could consider hybrid products that allow people to save and invest at the same time, emphasising messaging on the importance of 'little and often'. An alternative could be products that allow contributions to simultaneously flow to a cash savings product and an investment product, including allowing the ratio of these contributions to change as balances are built.

Micro-investing tools are also thought to help people build confidence in investing by exposing them to market fluctuations with small amounts of money, leading to more risk tolerance and better responses to volatility when investing larger sums.

Box 2: Micro-investing and round ups

Features such as round-ups and 'invest your savings interest' have made investing possible from very small amounts. Moneybox, launched in 2016, helped popularise round-ups, which are now available on many platforms. The feature rounds up everyday purchases to the nearest £1 and directs the spare change into savings products, including diversified investments. Although the amount saved depends on how much people spend, Moneybox says its customers save an average of £12.37 a week through round ups alone.[21]

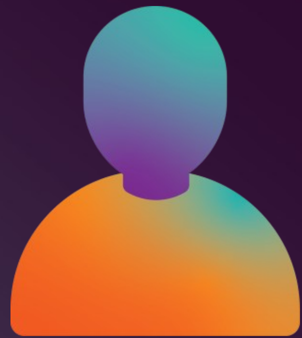
These have the potential to help people feel more comfortable investing small amounts. It would be valuable to understand whether micro-investing acts as a stepping stone to more substantial or longer-term investing behaviour, and for which groups.

Haven't thought about investing

2.

What if more people felt that investing was relevant for them?

Most people feel that investing is not for people like them.



Only **17%** of non-investors agree that 'investing is for people like me'.

Those who feel like investing is for them are more likely to be male, younger and higher earners.[2]

What is the need?

Many people who have the financial foundations to start investing are not doing so. An important barrier is the perception that investing is 'not for someone like me'. A nationally representative survey of UK adults found that only just over a third (36%) agreed that 'investing is for someone like me', falling to 17% among non-investors.[22] This resonates with our interviews with people living in low- and moderate-income households, who also had a negative reaction to the idea of 'building wealth' is something exclusively for the 'wealthy'. Similarly, a nationally representative survey for Aviva found that 19% of UK adults believe investing is only for people with a lot of money.[23]

Having family or friends to talk to about investing is often a crucial foundation. 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.[24] Similarly, over a third (37%) of savers said they would be more likely to invest after a conversation with someone they know.[25]

Exposure to investing at a younger age may help make it feel more relevant and increase participation later on in life. For example, research found that 28% of those that received no financial education in school felt that 'investing is for someone like me', compared to 45% among those who did receive some financial education.[26] However, UK evidence suggests that this early exposure is far from common. Only one in five people (21%) say they were encouraged by family to think about investing from a young age, while a further third (32%) say they came to investing later in life through their own interest and curiosity.[27] The average age at which UK adults start investing is 34, and more than a quarter (28%) wish they had started before the age of 25.[28]

What are the opportunities?

Working with peer networks and trusted, relatable voices, especially through familiar environments such as the workplace or community groups, to share information and discuss options

Investing might be seen as more relevant and normalised if it can spread through social norms and peer effects. People often need examples and role models to guide them through difficult or overwhelming decisions like investing. Familiar voices of people like them, especially in trusted settings such as workplaces or community spaces, could become effective channels for sharing information and creating opportunities to ask questions or discuss options. Many investment platforms also offer small signing bonuses for peer referrals. It would be useful to understand to what extent peer referrals are being taken up, and whether people in low- and moderate- income households are more or less likely to respond to them.

Mass market campaigns may also have a role in normalising investing. But to be effective it will be important for firms to consider ways to tailor messages to a wide range of audiences, including people living in low- and moderate- incomes households who have the financial capacity to invest, rather than exclusively focus on the 'Mass Affluent' market that is often well-served by financial services. This could include, for example, messaging highlighting the role of small-scale investing, investing alongside saving, or more attainable saving goals; as well as ensuring representation of voices and stories from people in low- and moderate-income households. An example of such campaigns trying to demystify investments is described in Box 3.

Exploring how seed funding could be used effectively to encourage engagement with investing from a younger age

As seen in our first report, young people have become more engaged with investing in recent years, likely in part because digital content from finfluencers and online forums is more easily accessible. However, there might be other means to target this group and make it easier for them to start investing. Governments have historically used seed funding to increase saving participation such as Child Trust Fund (CTF), a long-term, tax-free savings account introduced by the UK government for children born between 1 September 2002 and 2 January 2011 where the government contributed an initial endowment of up to £500 locked in until the child turned 18.[29] Evaluations have found little evidence that the scheme created saving habits overall as many families had forgotten about the accounts,

Box 3: Nest Everyday Investors Campaign

In 2023, Nest launched *Everyday Investor*, a multi-year campaign to help members better understand pensions and investing by showcasing how and where their pension savings are invested. The campaign was informed by research showing that 40% of Nest members were unaware that their pension savings were being invested. And whilst 83% said it was important to know where it was invested, only 24% actually knew.

The campaign features real-people who are representative of Nest's largely low- and moderate-income household membership exploring the real-world projects and businesses their money is invested in to make investing more tangible and relatable. These included:

- A visit to Lincs Wind Farm, an offshore renewable energy project in the North Sea, to show investments in large-scale infrastructure projects.
- A bake-along with Great British Bake Off winner Candice Brown, using ingredients produced by companies in which Nest invests, illustrating the connection to everyday life.
- An introduction to the regeneration of The Dolphin Shopping Centre and surrounding area in Poole, Dorset, and hearing the stories of three local tenants who had benefited from the redevelopment.
- Following Nest members and their friends on a road trip across Yorkshire hosted by Brendan Sheerin (from Coach Trip on Channel 4), showcasing a range of locations where their pension savings are invested.

To maximise reach and engagement, Nest promoted the campaign across a range of channels, including social media, radio, press coverage, its website, and communications with members and employers. The campaign demonstrates how storytelling and real-world examples involving relatable 'everyday' people can help make investing more visible, relevant and engaging.

lost track of them, or not engaged with them over the years.[30] However, had the scheme not been discontinued it is possible that more could have been done to build engagement in investing in early adulthood amongst a cohort who already held investments. A similar policy is due to launch in the US. The so-called '*Trump Accounts*' will mean that every US citizen born between 1 January 2025 and 31 December 2028 is eligible for a one-off $1,000 government contribution if the account is opened before they turn 18.[31] In Germany, the government is exploring a model to help children and young people become familiar with capital markets and begin building pension savings from an early age. Parents can open an individual, funded, privately organised retirement savings account with a provider of their choice for children aged six and above, into which the government would contribute €10 per month. If parents do not open an account, a low-cost option would be opened automatically on the child's behalf. From age 18, the account holder would be able to make their own contributions until retirement.[32]

Integrating investing information and solutions at key touch points and moments, such as when people first open a bank account

There may be opportunities to make investing feel more relevant to young people by engaging them at key life moments. For example, information about investing could be provided when individuals open their first adult bank account at 18, or when a youth account transitions into a standard current account. Higher and further education is another important touchpoint, as many students open dedicated student accounts that often include incentives such as free railcards. For individuals who have a Junor ISA, the point at which they get access at age 18 could also be an opportunity to build investing behaviours. These moments could be used to introduce them to investing, perhaps using similar incentives to encourage people to open an investment account, and promote small, regular contributions from an early age.

Haven’t thought about investing

3.

What if money for investing could be freed up by reducing the need people feel to hold large amounts of cash to self-insure?

People living in low- and moderate-income households can feel more exposed to future financial shocks. Holding onto money in cash is a way of managing uncertainty and whilst there are other forms of insurance, take-up of formal insurance products is low.

Only **10%** of people in low- and moderate-income households have critical illness cover.

Only **5%** have income protection insurance.[3]

What is the need?

People hold cash to protect themselves against income and expenditure shocks. Accessible savings allow households to respond quickly without withdrawing from investments, which can take time and carry risk. However, holding large amounts in cash can lead to people missing out on the benefits of compound growth, while inflation gradually erodes the real value of savings.

People living in low- and moderate-income households might feel less need to have substantial amounts in emergency savings if they have other means of protection against shocks. This may be in the form of insurance or the availability of other safety nets. However, evidence shows that uptake of insurance is low. In May 2024, 10% of people aged 25 to 64 living in low- and moderate-income households had critical illness cover, 6% had personal accident insurance, 5% had income protection insurance and 2% had unemployment or redundancy insurance.[33]

What are the opportunities?

Exploring the role that wider uptake of relevant insurance could play in supporting people to feel more comfortable with investing

It would be useful to explore what role the insurance market could play in supporting financial resilience, and whether this can, indirectly, reduce the need for households to hold large cash buffers, and in turn support higher consumption or greater participation in investment. There might be opportunities to provide insurance products alongside investment products to help people feel more comfortable with investing and doing so over longer periods of time.

Providing reassurance about access to invested money in time of need, as well as information about other safety nets

A common industry rule of thumb is that investors should be willing to leave money invested for at least five years. However, this guidance can be misunderstood, with some people interpreting it to mean that their money is locked away for that period. Making it clearer that investments can generally be accessed at any time may help people feel more comfortable investing, particularly if they know they could withdraw funds in the event of a significant financial shock.

There may also be opportunities to provide clearer information about other financial safety nets, including support available through the welfare system, as well as low- or no-interest loans and hardship grants. Greater awareness of these sources of support could help people understand their options if they face financial difficulties, potentially making them more willing to invest.

Thinking about investing

4.

What if it was easier to compare the true risks of investing alongside the risks of holding money in cash?

Many people have misconceptions about investing such as overestimating the risk of losing all their money.

On average, consumers estimate the probability of losing money in a stocks and shares ISA over a ten-year period at more than **25%**.

In reality, the historical probability of losing money in the FTSE 100 over a ten-year period over the past 40 years was **3.5%.**[4]

What is the need?

There are several misconceptions about investing. These include overestimating the likelihood of loss and seeing cash as safer than it really is. For example:

- Interviews conducted by Boring Money highlighted that risk is understood as binary, with savings considered 'safe' and investments considered 'risky' – particularly amongst savers and lower confidence or novice investors.[34]
- Research also shows that many consumers overestimate the downside risks of investing while underestimating the long-term risks of holding cash. On average, consumers estimate the probability of losing money in a stocks and shares ISA over a ten-year period at more than 25%. In reality, the historical probability of losing money in the FTSE 100 over a ten-year period over the past 40 years was 3.5%.[4]
- Boring Money data also shows that cash savers are uncertain whether invested money will grow over time. Just one in four cash savers believe there is at least a 75% chance that a £1,000 investment would be worth more than £1,000 after five years.[35]
- Understanding of inflation and compound interest is also lower among non-investors than investors. Among non-investors aged 25 to 64 living in low- and moderate-income households, 57% correctly answered the Financial Lives Survey question on compound interest, compared with 74% of investors. For inflation, the figures were 60% and 83% respectively.[36]

Some of these misconceptions reflect a lack of understanding but in some cases the language used by financial services compound these misconceptions rather than addressing them. However, progress is being made on some fronts, for example, the 'Risk Warning Review' discussed in Box 4.

Box 4: How do risk warnings impact investment choice?

The Risk Warnings Review, commissioned in July 2025, found that standard, loss-focused warnings (e.g. 'capital at risk') could heighten fear and deter investing rather than support informed decisions.[37]

The Investing and Saving Alliance (TISA), in collaboration with the University of Nottingham, ran a large-scale randomised controlled trial to examine how savers respond to different approaches to information disclosure.[38] Participants were asked how they would allocate £10,000 between cash savings, individual stocks and funds over a period of seven years or more.

The control group saw a standard risk warning: "*The value of investments can fall as well as rise. There is a chance you might not get back what you put in.*" The first treatment group saw an additional message: "*But over longer periods of time (e.g. five years or more), riskier investments such as stocks, shares and funds usually give you higher returns compared with cash savings.*" The second treatment group saw the same message alongside a chart showing the higher average long-run returns from stocks and funds relative to cash savings.

The results showed that highlighting long-run returns increased the amount invested by around 10% (approximately £500). Adding a chart illustrating the higher average long-run returns from stocks and funds relative to cash savings increased the amount invested by a further 4% (approximately £200). The trial also tested messages about diversification, investing small amounts regularly and liquidity to help savers better understand risk and address misconceptions, such as the belief that money must be locked away for several years.

These findings are consistent with Vanguard research testing a more balanced risk disclosure, which highlighted both potential risks and rewards and emphasised the long-term nature of investing, such as looking at performance over five years. The balanced disclosure increased the proportion of people who said they would be likely to invest.[39]

What are the opportunities?

Using clear, balanced information about risk and return tailored to different stages of the customer journey including presenting the performance of savings and investments alongside each other

As demonstrated by the risk warnings review, clear, balanced and targeted information can help reduce misconceptions about investing. More effective communication is contextualised, balanced, written in plain language and tailored to different stages of the consumer journey. Simple explanations of how investments can rise and fall, presented alongside benefits and time horizons, are more likely to be understood and trusted than blunt, loss-focused warnings like 'capital at risk'.

Using familiar voices in trusted settings to share information and create opportunities to ask questions

Peer networks and trusted, relatable voices could be an effective route for dispelling these misconceptions. As discussed in section 2, having familiar voices in trusted settings such as workplaces or community spaces, could become effective channels for sharing information and create opportunities to ask questions.

Using chatbots, in app assistants and other tools to provide real time, personalised responses to questions, help understand risks and potential rewards and address other misconceptions

Embedding tools in product journeys can play an important role in addressing misconceptions and encourage sustainable financial behaviours. Consumers are increasingly using AI tools to answer financial questions, both within financial services platforms and general-purpose AI tools. Within financial services, firms are embedding AI directly into digital journeys through chatbots and in-app assistants to provide real-time, personalised responses, guide users through onboarding and product choices, and deliver tailored nudges that shape decisions as they occur. These tools are being used to simplify complex financial concepts, compare options, and help users answer their specific questions. Despite widespread adoption, trust is still low with 8 in 10 worrying about receiving inaccurate or outdated information.[40] Providers could consider exploring how these tools are being used by people living with low- and moderate- incomes and whether further tailoring is necessary to adapt to their needs.

Thinking about investing

5.

What if it was more straightforward to decide where, how and what to invest in?

Deciding where and what to invest in is complex.

Two in five (38%) people say that deciding how to invest their money is one of the top three hardest decisions in life.

Only buying a house ranked higher **(42%)**.[5]

What is the need?

Potential investors need to make multiple decisions, including which platform and product to use, whether to choose shares, bonds or funds, whether to opt for active or passive management, what level of risk is appropriate, and how long to stay invested for. This can feel daunting, and concerns about making the 'wrong' choice may lead people not to invest at all. For example, Wealthify found that 61% of people choosing cash savings accounts over investment products said the process seemed too complicated.[41]

There are over 40 distinct investment platforms in the UK, with roughly 20 to 30 major providers specifically catering to self-directed retail investors. These platforms vary by fee structure, investment selection, and account types. Despite the FCA requiring standardised information on costs, risks and performance, a review by the regulator found that consumers can find it difficult to shop around and choose a suitable platform as they cannot easily take account of all charges, calculate the total cost of investing or easily compare different options because the language used to describe similar fees differs across platforms and pricing information is not always readily available, prominent or clear.[42]

The siloed structure of the savings market, both in terms of providers and products, also creates unnecessary friction. For example, some providers only offer some products (such as only offering Cash ISAs and not Stocks and Shares ISAs) and even among those who provide a range of solutions, moving money across them is not always straightforward. This may discourage people from progressing from cash saving to investing.

The number of available investments is also likely to be overwhelming. Most platforms have responded by narrowing the range of options or introducing simplified products, generally helping consumers make informed investment choices. For example, many offer ready-made funds based on risk appetite, with lower-risk options typically holding more bonds and higher-risk options holding more equities. However, the FCA Review on Investment Platforms highlighted difficulties around customers' ability to understand and compare model portfolios, and that their underlying risks and structure vary substantially across providers. Despite these challenges, the FCA judged that, at the time, it was not necessary to standardise additional disclosures for these portfolios.[43]

What are the opportunities?

Designing linked journeys, for example opening an investment account alongside a savings account at the same time to reduce friction

A range of providers including mainstream and challenger banks, as well as a growing group of fintechs offering financial wellbeing benefits and services, could offer customers the option to set up a linked investment account at the same time as opening a cash savings product, allowing key product decisions to be made in one place. This could support testing different hybrid models, such as saving and investing in parallel or a feeder model where after reaching a savings goal, money is automatically directed into an investment account. These approaches would be easier to implement for providers offering both cash and investment products, though partnerships could also allow different providers to offer joined-up products.

Exploring ways to reduce choice overload and signpost simple journeys to people who are starting out, such as a kitemark that helps investors identify products that are suitable for beginners

One idea raised in discussions with industry stakeholders was whether there is an opportunity to introduce a kitemark for beginner investors. This echoes recommendations by Barclays research, suggesting that these products should meet goals for diversification and asset allocation suitable for less experienced investors, and accompanied by simpler sign-up journeys to reduce frictions such as declarations, risk warnings and product documentation.[44]

Exploring ways to present information such as a comparison table for investment funds to enable investors to better understand past performance, risk, and a comprehensive description of fees

Despite some standardisation already in place, many find it difficult to shop around and compare options. The FCA may reconsider further standardisation, with a focus on fees and the underlying risks of funds to allow the creation of a comparison table. There are international examples of tools to support consumers to make these types of comparisons, for example, Fondtoppen is a website run by the Swedish Investment Fund Association that brings together information on all funds and provides comparison tables based on fees, past performance and risk profile. The UK could introduce a similar model, establishing a centralised aggregator of relevant information, including past performance, risk, and fees. Ideally, this would be independently managed to offer greater credibility; and could be focused only on the funds recommended for beginners rather than all available funds.[45]

Developing approaches that combine human-interactions and technology to help individuals build a portfolio

Nearly four in ten (39%) investors in low- and moderate-income households have never received financial advice, and a further 26% do not know whether they have.[46] AI or robo-advisors may offer opportunities to widen access to financial support by lowering the costs of doing so. Models that utilise technology could be used to support people choose a portfolio based on their financial circumstances and goals, with a relevant suitability assessment. However, in most cases, those recommendations are likely to be relatively simple (e.g. well-diversified index funds based on risk appetite).

AI has the potential to speed up recommendations and insights, tailored to the needs of clients; but perhaps more importantly, it could free up advisors from administrative tasks to allow them to reach a larger number of potentially more diverse clients. AI tools could transform the role of financial advisors by focusing their attention and resources on 'empathy-driven tasks' that depend on building trust and understanding human behaviour, rather than analytics like processing data, building portfolios or simulations; or administrative tasks like writing notes or generating reports. Box 5 describes a model of financial coaching which uses AI tools to reach a more diverse client base.

Box 5: Financial coaching with AI tools, through the workplace

In the UK, only authorised firms can make a financial recommendation (*advice*) based on individual circumstances. However, some activities such as discussing goals and aspirations or comparing options are considered guidance and sit outside the advice perimeter.[47]

Octopus Money offers financial coaching, which is not a regulated activity in the UK. Coaches offer expert guidance to help clients make informed decisions, but cannot recommend specific regulated financial products or providers. They learn about the client's situation and goals, build a financial plan and help clients decide the best actions to take. If customers have more complex circumstances, they can choose to meet with a regulated Octopus Money financial adviser.

Technology shapes how coaching is delivered. Coaches work with clients on a digital platform that builds an interactive cash-flow forecast and projections, turning what could be an overwhelming set of financial decisions into a clearer, visual plan. Octopus Money coaches also use AI tools for call transcription, compliance and quality assurance. This reduces the admin burden, freeing up time to enable them to see more clients.

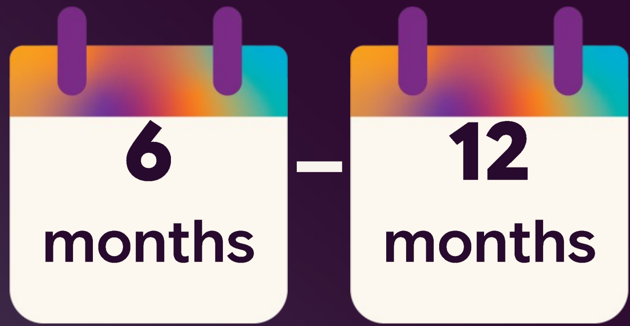
Coaching is a flexible career option, doesn't require the same qualifications as regulated advice and often attracts talent from more diverse backgrounds. For example, 62% of Octopus Money coaches are women, compared with just 18%[48] in traditional advice. Many pursue coaching as a second career, and Octopus Money coaches come from backgrounds as varied as marketing, teaching and the army.

One way Octopus Money reaches consumers is via employers as a workplace benefit. This can help reach a more diverse client base, though adoption is still typically higher among desk-based employees.

Started investing

6.

What if people were supported in the early days of investing to build and sustain an investment habit?



It can take **6 to 12 months** of investing for people to see themselves as investors.

Once this identity develops, it is linked to more positive experiences, a stronger intention to add funds and a greater likelihood of recommending investing to others.[6]

What is the need?

The previous chapters identified several barriers that can make it difficult for people to start investing. But those who do start may also need support to sustain the habit so they can benefit from compound growth and higher long-term returns. Evidence from CommonWealth in the US suggests it can take 6 to 12 months for people to see themselves as investors. Once this identity develops, it is linked to more positive experiences, a stronger intention to add funds and a greater likelihood of recommending investing to others.[49] New investors can be particularly exposed to loss aversion and volatility, which could means that a market downturn can quickly erode confidence and lead to them withdrawing their money – potentially at a loss.[50] This suggests there is a need to support people to stay invested during this period where their habit is established and their confidence grows.

There is also an opportunity to support people to invest for the long term in ways that align with their financial goals. FCA research highlights the impulsive nature of some investment decisions, especially among younger investors: among those aged 18 to 40, two-thirds (66%) made decisions in less than a day and one in seven (14%) decided to buy in under 60 minute.[51] This can lead to riskier choices, particularly when decisions are driven by hype rather than long-term objectives.

Stakeholders noted that long-term wealth building through investing can feel slow and unrewarding, especially when social media promotes stories of rapid gains from riskier products. This can distort expectations and make steady, long-term investing feel less appealing leading to some investors to disengage.

What are the opportunities?

Using rewards and gamification to help people sustain investing, particularly in the first 6 to 12 months

Financial incentives and streaks have been commonly used to try to overcome inertia and encourage people to start saving. For example, Premium Bonds offer tax-free prizes rather than paying interest, while other providers use welcome bonuses or prize draws for people who build a habit (see Box 6). These approaches could be tested to understand their merits at sustaining an investment habit over the first 12 months, whilst investor identity is being formed.[52] However, not all gamification is made equal. For example, gamification that encourages higher trading frequency or risk taking could be detrimental to customers.

Box 6: Encouraging a 'saving streak'

In 2025, Monzo launched its 1p Savings Challenge, where customers saved 1p on day one, 2p on day two, 3p on day three, and so on. By day 365, participants would have saved £667.95. Those who completed the challenge were entered into a prize draw to win £10,000. The challenge proved highly popular, with more than 1 million people taking part in 2025. Monzo reopened the 1p Savings Challenge for 2026, building on the previous year's success with new features for some customers, including the option to save double or quadruple the standard amount, monthly £100 prize draws and to earn 5% interest on challenge savings.[53]

A similar model could be used to encourage an 'investment streak', especially in the initial 6 to 12 months of someone's investing journey with feedback and education delivered alongside to build familiarity and comfort with how an investing experience differs from a savings one.

Exploring whether hybrid savings and investment models can help financially vulnerable investors build emergency savings while increasing the visibility of savings alongside investments

Research by CommonWealth in the US found that having accessible emergency savings makes it easier for people to maintain investment contributions over time. In particular, investors on low and moderate incomes were more likely to invest when they had at least two weeks' worth of liquid savings ($1,500 to $2,000).[54] This highlights the importance of having a basic level of financial resilience while investing, but not necessarily as high as suggested by some of the common rules of thumb. Our previous research found that 35% of investors from low- and moderate-income households had less than £2,000 in cash savings.[55] Hybrid savings and investment products may help these financially vulnerable investors build emergency savings buffers, supporting more sustained investment behaviour over time.

Furthermore, new investors can be particularly exposed to loss aversion and volatility, which could mean that a market downturn can quickly erode confidence and lead to them withdrawing their money – potentially at a loss. Increasing the visibility of their savings buffer, alongside introducing some friction and prompts during this period, may encourage people to leave their money invested and ride out the volatility.

Reviewing how different groups use in-platform education and guidance tools to understand which features are most useful and how they could be better tailored to people in low- and moderate-income households

US evidence emphasised the importance of access and engagement with in-platform educational tools in increasing investor identity among beginner investors. For example, 64% of beginner investors who used in-platform education tools reported a sense of belonging in the investing community after 12 months, compared to just 36% of investors that did not use the tools.[56] For providers and platforms, helping new customers build this sense of identity through educational tools and forums to support peer learning has the potential to support both customer outcomes and business growth. Understanding how different groups use these tools would allow providers to better tailor the guidance to relevant audiences.

Facilitating communities of investors with similar characteristics and similar levels of experience to learn from each other

Evidence from the US suggests that regularly discussing investing with others can improve people's investing experience and increase their confidence.[57] Creating spaces where people with similar backgrounds or circumstances can share experiences and learn from one another could help strengthen investor confidence and foster a sense of investor identity.

Some organisations have already sought to build these communities. For example, Vestpod has established a community for women to learn about investing and support one another in achieving their financial goals.[58] Roots to Froots also aims to improve financial wellbeing by providing 1-on-1 coaching, access to group sessions made up of like-minded people, and working with employers to design financial wellness programmes to support their employees.[59] There may be opportunities to develop similar networks through the workplace or in community spaces, providing a trusted environment where people can share experiences, learn from peers, and build confidence in investing.

Conclusion

Conclusion

As we set out in '**Beyond the Buffer**', for many low- and moderate-income households, financial security is not only about building and protecting a cash buffer but also about creating opportunities to grow assets and opportunities over time. While saving for the short-term remains the priority for about half of low- and moderate- income households, there is also a significant group of people in low- and moderate-income households with the financial capacity to begin investing alongside saving. Supporting more of these households to participate in investing could help improve their long-term returns, protect their purchasing power and support their wider financial goals, but doing so will require approaches that reflect people's circumstances, concerns and preferences.

Promising ways to address behavioural, informational and structural barriers include not just new products, but clearer guidance, more relevant messaging, simpler pathways, trusted support and opportunities to build confidence gradually. Progress is likely to depend on action across several of these areas at once rather than on any single intervention.

The ideas set out in this paper are intended as a starting point for further research, experimentation and collaboration. As momentum builds across government, industry and the wider policy community to support more people to invest, there is a clear opportunity to test practical approaches that make investing feel more accessible, relevant and achievable for low- and moderate-income households.

We hope this paper helps to inform that work and to encourage further engagement from organisations interested in developing and testing solutions that can support more households to strengthen their financial security over the long term.

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Centre for Inclusive Money at Nest

As a public benefit research and innovation centre focussed on finding what really works in supporting low- and moderate-income households to be financially secure, Inclusive Money is always keen to talk to like-minded organisations. If you are interested in exploring how we could work together to trial potential solutions to one or more of the opportunities identified here, please get in touch:

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