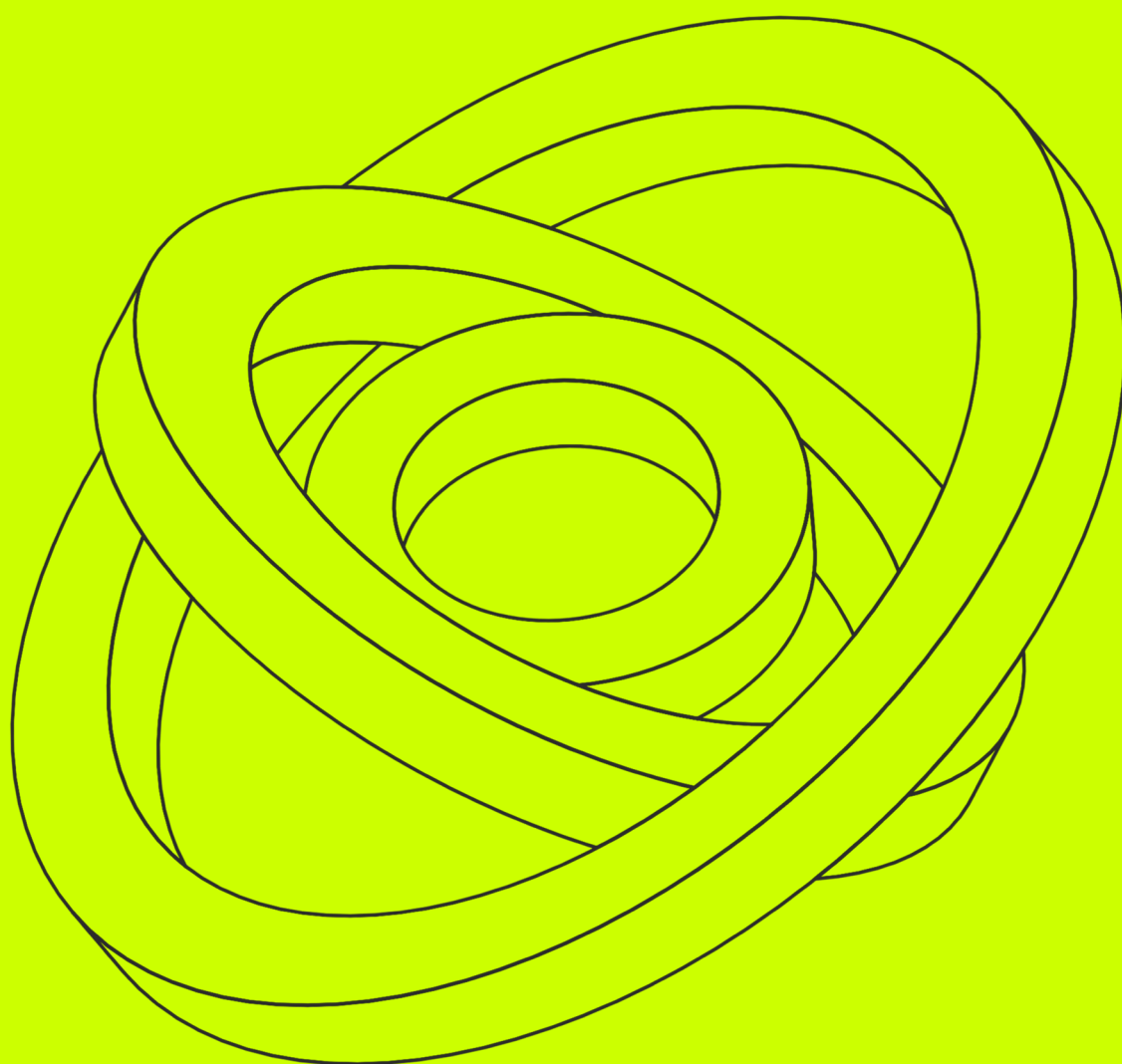


# Unlocking Britain's ISA Potential

A Robinhood Research Report



# Foreword

Robinhood is on a mission to democratise finance for all. We believe that access to simple, well-designed products and clear educational information can strengthen financial resilience and help more people participate fully in the economy.

Globally, Robinhood serves nearly 27 million funded customers, around half of whom are first-time investors. That experience offers insight into how accessibility, product design, and information can shape how people engage with long-term saving and investing.

The UK retail investing landscape has long been characterised by relatively low participation. While there is a strong culture of saving, British households allocate a much smaller share of their financial wealth to equities and investment funds—around one-sixth—compared with roughly half in the United States.

Robinhood entered the UK market in 2024 against this backdrop, with a focus on lowering barriers to participation and making investing more accessible. Through commission-free US stock trading

and a simple, intuitive platform, we have begun to support more people in engaging with their long-term financial goals.

As we prepared to launch our first Stocks & Shares Individual Savings Account (ISA) offering in the UK, we undertook research to better understand how people engage with ISAs—what they know and value about them, how they use them in practice, and where barriers or misconceptions may arise. The research also highlighted a broader theme: when people think about saving for themselves, many are simultaneously focused on building financial security for the next generation. We are sharing these findings because contributing to a stronger UK investment culture involves not only accessible products, but also clear, evidence-led insight into how saving and investment decisions are made.

The ISA is already one of the most popular financial products in the UK, with around 40% of adults holding assets in at least one type of ISA. Its scale and reach make it a natural lens through which to understand how people hold their savings over time, and how outcomes can vary depending on the choices they make.

Our research, based on a nationally representative survey of over 3,000 respondents and in-depth interviews with savers and investors, builds a detailed picture of the role ISAs play in the financial lives of British households. Drawing on this evidence, the paper explores how features of the current ISA landscape shape accessibility and influence how people choose to hold their savings over time.

Join us in our movement to democratise finance for all UK citizens.

**Jordan Sinclair,**  
President, Robinhood UK

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# Executive Summary

For many people, saving and investing is an everyday activity that helps them manage their family finances and plan towards their financial goals. As part of Robinhood's mission to democratise finance for all, we want to spread this savings and investing culture and support more people to access investment products that meet their needs and boost their financial security.

For a quarter of a century, the ISA has been one of the most popular tools that UK households use for their family finances. It is a type of financial product with high public recognition and advantages that match the priorities of savers and investors, including tax efficiency and ease of access.

Despite this, fewer than half of UK adults have an ISA account, and most miss out on the higher returns available from investing by only holding a cash saving product.

We wanted to understand how ISAs are currently used by UK households, how people think about holding their savings across different assets within the ISA framework and how well the product is supporting a range of financial goals over time. We also examined how families use ISAs to build savings for children and how these patterns may shape outcomes for the next generation.

Robinhood conducted research, including a survey of over 3,000 people and in-depth interviews, to understand how people approach saving and investing, what they know and think about the ISA and its different types, and what holds them back from turning savings into investments.

## Promoting Saving And Investing

When prompted with basic questions about eligibility, rules and allowances, most people selected the correct answers. This familiarity underpins our belief that the ISA should remain the government's key tool for promoting saving and investing among the UK population.

Yet, our research shows the landscape of multiple ISA types can be confusing. Knowledge of the Lifetime (LISA) and Junior ISAs (JISA) is much lower than for the Cash or Stocks and Shares (S&S) versions, and only 2% of those surveyed felt they had a good understanding of the Innovative Finance ISA (IFISA). There is also confusion about what assets can be held in an ISA, with fewer than half knowing that unit trusts or bonds can be held in a S&S ISA.

We therefore encourage an ISA landscape that makes it easier for consumers to move their investments between asset types and broadens the eligibility of different assets within the ISA. The plan to replace the complex Lifetime ISA with a first-time buyer orientated product, as announced in the 2025 Budget, should aid this simplification.

## Turning Savers Into Investors

People save for a wide variety of reasons but most commonly just to build up a 'rainy day' fund. It is not surprising then that 'ease of access' is the single most desirable attribute of a saving or investment product. While the vast majority of both Cash and S&S ISAs allow customers to have easy and quick access to their money, people still perceive the Cash ISA to offer much better access and have more tax advantages.

Our data show two additional barriers to investing. First, consumers perceive the Cash ISA to be a better product from a tax-advantage perspective, despite the S&S ISA ensuring no UK income tax or capital gains tax is payable on profits, dividends or interest generated. Second, we find that consumers believe they need to have a substantial sum saved up in a separate account before they feel able to open a S&S ISA. The median amount consumers felt they needed in cash savings was £8,764, but 19% of adults perceived needing more than £20,000 of cash savings before opening a S&S ISA. This may in part be driven by a mistaken view that full uptake of the allowance is required to open an ISA – previous research has shown that a similar proportion of 'mass affluent' consumers (21%) hold this misconception.<sup>1</sup>



The greater popularity of the Cash ISA (relative to investing-based ISAs) does not reflect the risk appetite of UK consumers as evidenced in our survey. We find the public's positive outlook on accounts that offer the prospect of high potential for capital growth outweighs their concern regarding the risk of losing some of their money. An experiment conducted in our survey illustrates this well: respondents were presented with the same hypothetical Cash ISA, with half also informed factually of the current inflation rate, and given projections of its impact. Among the inflation-informed group, the percentage interested in the account dropped by 17 points from 48% to 31%. While risk warnings are important and necessary, they should reflect the different risks and opportunities of different asset classes. The current focus of risk warnings only on investment products may therefore not ultimately be in consumers' best interests.

This finding also shows the need to demonstrate to consumers how investing can match risk appetite and goals relative to cash saving. In this paper, we make detailed recommendations for promoting the S&S element of the ISA over the Cash element, aligned to the government's commendable commitment to developing a retail investment culture.

### For The Next Generation

The prospect of putting something aside for a child is a key motivator to save and invest. Our survey finds that this is not restricted primarily to parents: there is also a strong motivation to contribute amongst wider family members – for example grandparents, aunts and uncles. With the share of UK children having a Junior ISA (JISA) running at only around a third of the proportion

of adults with an ISA, this suggests there is room to further encourage tax-free saving on behalf of a child.

We also find that only a small proportion of parents consider the JISA account to be easy to open, with this being especially pronounced for the S&S JISA more than the cash variant. JISAs are far less likely to be considered easy to open, relative to non-ISA children's savings accounts. To some extent this may reflect low familiarity with the two JISA types compared to the adult Cash ISA.

Our survey showed that this was one of the most desired attributes of a savings product for a child. Furthermore, S&S JISAs are also recognised by a higher proportion of child-motivated savers as delivering this protection against inflation.

However, these perceptions are not reflected in the number of families contributing to each of the two products – over the ten years to 2024 almost twice as many Cash JISAs had funds paid in each year than S&S JISAs.<sup>2</sup>

We argue that the automatic creation of an investment-based S&S JISA account for every child at birth would help to overcome this misalignment of behaviour with perception, which our survey also suggests is due to a view that S&S JISAs are not easy to open or pay into. This would also support the wider family to make the contributions the data show they are keen to make.

Such an automatic investment account would also support financial education, allowing children to engage with the account and watch it grow through their childhood, and support a broader investing culture in the UK, helping the next generation overcome the barriers to investment that current consumers perceive.

This report comes at an important moment. Changes to ISA policy announced in the 2025 Budget do not start coming into effect until 2027 and there is much work for policymakers and industry to do in the interim to operationalise headline policies. This presents an opportunity to think about the design of the ISA from the point of view of the consumer and to ask whether the ISA could do more to support UK adults to save, invest and plan for their and their children's financial futures. The answers we present here are that there are reforms and policy improvements that can be made to boost the value of consumers' investments in a way that also drives economic inclusion.

# Introduction: Evolution of the ISA

Over its 26-year history, the ISA has been hugely successful in helping UK households to save, invest, and plan for their financial futures. ISAs were introduced in 1999 to 'extend the savings habit to those on more modest incomes.'<sup>3</sup>

While ISAs have gone on to reach a much wider audience than the Tax-Exempt Special Savings Account (TESSA) and Personal Equity Plan (PEP) products they replaced, that success does not mean there is not more to achieve. More than half of adults do not have an ISA, and millions with investable assets and an appetite for investment risk have only cash savings.

In the 2023-24 tax year, more than 21 million adults held some kind of ISA product, around 40% of all UK adults, with 15 million of them receiving annual deposits.<sup>4</sup> We found that awareness of the Cash ISAs was almost universal (95%), with three quarters (78%) of the public knowing that tax was not payable on returns within an ISA. One could say that ISAs have helped democratise tax-advantaged savings in the UK.

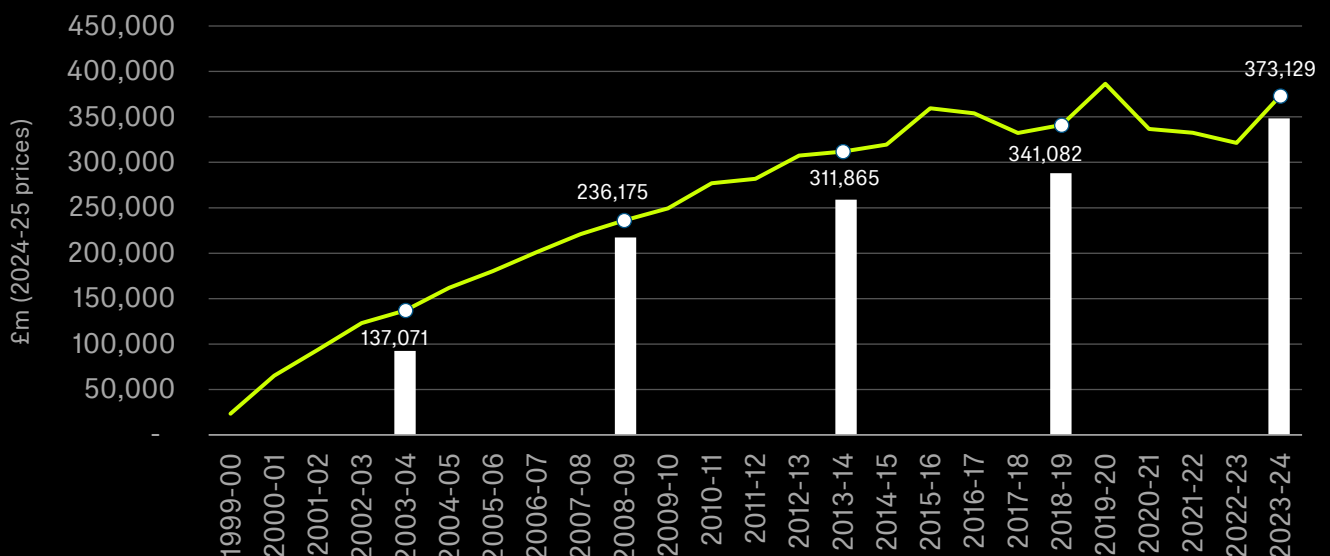
All types of ISA products have seen change since they were first launched. Successive chancellors have tweaked the subscription limits and added additional ISA products over time. Maxi and Mini ISAs have been long forgotten, as has the short-lived Life

Insurance ISA.<sup>5</sup> Indeed, while the announcement in the 2025 Budget to make the Cash ISA deposit limit lower than the S&S ISA allowance was controversial, this actually only restored the position that existed until 2014.

The simplicity and accessibility of the ISA have been key drivers in making this a trusted and popular product. In-flight ISA reforms, and any further reforms to the ISA and the regulations around retail investment, need to be carefully designed to avoid unnecessary complexity or they risk damaging trust in the ISA brand.

Figure 1: UK-Wide Total Cash ISA Holdings (£m, 2024-25 Prices)

Source: HMRC, Individual Savings Account (ISA) Statistics, September 2025



The ISA has become a cornerstone of the UK's retail investment landscape since its predecessor, PEPs, were introduced in 1986. Two in five adults have an ISA, with a reasonably even distribution of accounts across the different regions of the UK.<sup>6</sup>

ISA holdings also do not show a significant gender bias - account numbers between men and women are similar even when broken down by age (see Figure 3). The average holding is also similar - £35,700

for men compared to £32,500 for women. While the over-65s had the highest average holding, almost 4.8 million people aged 34 and under hold an adult ISA product, with an average value of almost £10,000.<sup>7</sup>

ISAs support the saving and investing goals of people from all parts of the income distribution. The latest data show that almost 3 million ISA holders have an income below £10,000 and more than 8 million have an income below £20,000. And those on lower

incomes are not just saving in cash; among those with an income below £20,000, some 1.5 million are investing with a S&S ISA.<sup>8</sup>

Figure 2: % of UK Adults Holding any ISA by Region (Year)

Source: HMRC

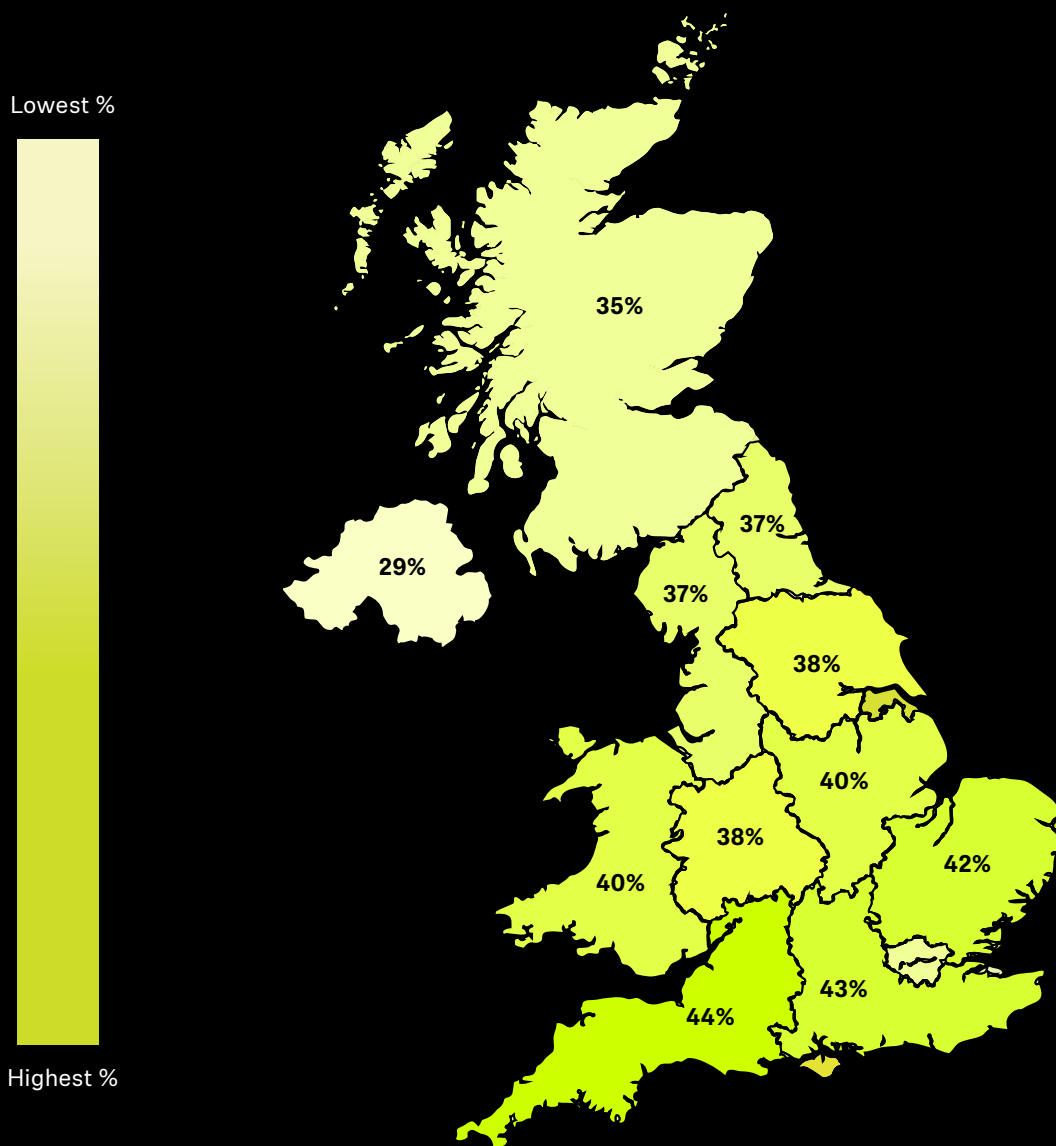
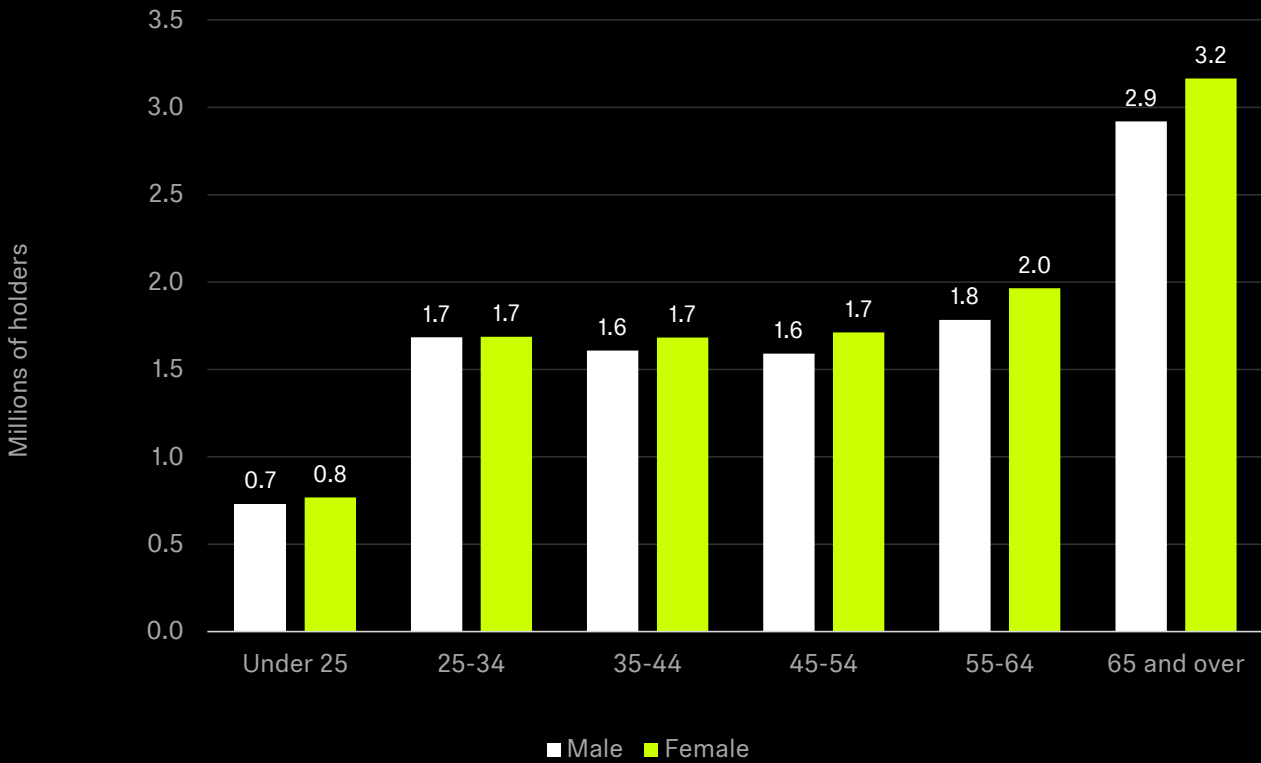


Figure 3: Number of UK Adults Holding any ISA by Age and Gender

Account Holders ('000s), 2023  
Source: HMRC



In our study we looked at the different motivations and preferences of those with a total household income below £28,000 a year. Many of their saving and investing goals are the same as the wider population – the desire to build a ‘rainy day’ fund for emergencies was the lead motivation both above and below this household income threshold. Though the lower income group was significantly less likely to be aiming to build up enough money to retire early.

The lower household income group was less likely to say they already held an ISA (45% compared to 56% across the whole sample) and was significantly less likely to be familiar with the S&S ISA, Junior ISA and Lifetime ISA products.

### The Proliferation of ISAs

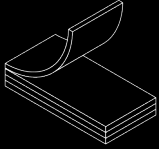
With five ISA types available, each with its own subscription limit and eligible asset classes, the ISA landscape has become more complex for consumers to navigate. The key division seen in the ISA data is not between regions or genders, but between the five different ISA products. Newer and more narrowly focused types of ISA (e.g. the Lifetime ISA and Innovative ISA) saw significantly lower subscription and investment rates than the more established Cash and Stocks and Shares ISA.

Recent (September 2025) government ISA statistics found that 66% of all subscriptions to ISAs by number and 67% by value were to Cash ISAs. 27% by number and 30% by value were

to Stocks and Shares ISAs. Just 2% of subscriptions by value were to Lifetime ISAs and less than 0.08% of all subscriptions were to Innovative Finance ISAs. This newest ISA product had only 13,000 people pay in over the course of 2023-24, putting away a total of £81 million.<sup>9</sup>

Looking at total holdings, despite almost £900 billion being held across the various ISA types, less than 0.1% of this is held in the Innovative Finance component of the ISA.<sup>10</sup> As we will argue in the next chapter, the proliferation of ISA types does not appear to be driving significant uptake of new products or significantly shifting consumers from saving products to investment products.

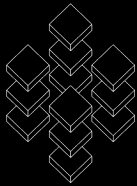
# Highlighting the Five Types of ISAs



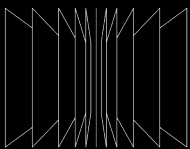
**Cash ISA** – A Cash ISA is a tax-free savings account where interest earned is exempt from UK income tax and capital gains tax. From the 2025 Autumn Budget, the maximum annual subscription to a Cash ISA has been reduced to £12,000, down from the previous £20,000 full ISA allowance. There is no restriction on the number of Cash ISAs that may be opened, provided the overall annual limit is not exceeded. Common types include instant access accounts, which allow flexible withdrawals, and fixed rate accounts, which require funds to be held for a set term.



**Stocks & Shares (S&S) ISA** - A Stocks & Shares ISA is an investment account that allows individuals to hold assets such as shares, bonds, funds, and exchange traded funds, with returns sheltered from UK income tax and capital gains tax. It can be opened by those aged 18 or over. From April 2025, the overall ISA subscription limit remains £20,000 per tax year. Of this, up to £12,000 may be placed in a Cash ISA, while the remainder — or whatever allocation is preferred — may be directed into a S&S ISA or other ISA types.



**Junior ISA (JISA)** - A Junior ISA is a long-term savings or investment account for children under the age of 18 in which returns are exempt from UK income tax and capital gains tax. There are two forms: Cash JISAs and Stocks & Shares JISAs. Both can be opened by a parent or guardian on behalf of the child. The annual subscription limit is £9,000 per tax year, and funds are locked until the child reaches 18, at which point the account converts into a standard ISA under their control.



**Lifetime ISA (LISA)** - A Lifetime ISA is a savings and investment product intended to support either first-time home purchase or retirement. Returns are exempt from UK income tax and capital gains tax. Eligibility is restricted to individuals aged 18 to 39, and contributions are capped at £4,000 per tax year. The government applies a 25% bonus to contributions. Funds may be accessed without penalty when buying a qualifying first property (up to £450,000) or after reaching the age of 60, and otherwise incur a 25% withdrawal charge, which removes the government bonus and a portion of the saver's own capital. The government has announced that the Lifetime ISA will be replaced, beginning with a consultation scheduled to launch early in 2026. The consultation will consider replacing the LISA with a simpler product designed specifically for first-time buyers.



**Innovative Finance ISA (IFISA)** – Introduced from April 2016, the Innovative Finance ISA is designed to include more long-term, less-liquid investments. The aim of this additional ISA type was to increase the choice and flexibility available to ISA investors and encourage the growth of peer-to-peer lending. The eligible asset types are peer-to-peer loans, crowdfunding debentures, alternative finance arrangements (such as purchase and resale arrangements), less-liquid investments (including Open Ended Property Funds), and cash.

## The Role of ISAs in Savers' Lives

The financial goals people pursue when saving or investing change during the course of their lives, impacting the types of products consumers choose to meet their needs. In order to understand how ISAs can be more accessible and enticing for UK adults, it is important to first examine why those with ISAs turned to the product in the first place.

70% of survey respondents cited building up a rainy-day fund for emergencies as their reason for saving or investing, making it the most common reason for saving or investing. The rainy-day logic is more relevant to women, 73% of whom cited this, and appears to become more relevant with age. This motivation was more frequently cited by those who had a negative outlook on prospects for the UK economy.

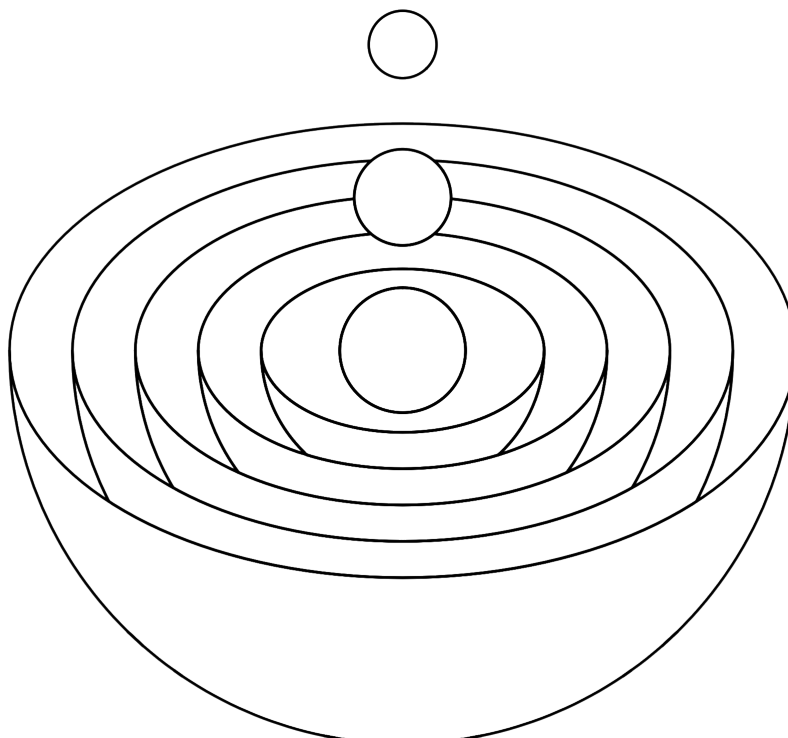
In general, we found the reasons for saving or investing to be similar between ISA holders and those choosing other products, though some interesting differences are found. Those with ISAs are significantly more likely to be thinking about their needs in retirement (53%) than those who do not currently have an ISA product (36%).

Different types of ISAs are associated with different time horizons. Most holders of S&S ISAs (59%) view them to be long-term investments to be considered over a time frame of more than a decade, with just 6% seeing them as a short-term product. Compared to S&S ISAs, Cash ISAs are more likely to be seen as a short-term product (25%), but they are still considered by 59% to be at least a medium-term holding, over a time frame of 5-10 years or more.

The ISA is an important element of the UK saving and investment landscape. It has high awareness scores and that recognition leads

to a breadth of trust that is not seen in other financial product types. This finding underpins our overall argument that the ISA must be central to the government's aims for promoting retail investing. Whether the ultimate goal is getting on the housing ladder, preparing for retirement, putting something aside for the next generation, or just building up a rainy-day fund the British public is likely to consider an ISA as the key type of account. It is imperative that policymakers and industry ensure that the design of the ISA helps consumers to make choices that are in their best financial interest.

In the following chapters we make a series of policy, regulatory and industry recommendations designed to respond directly to the evidence presented in this paper. These recommendations are intended to interpret the data, give momentum to its findings, and translate insight into practical action that reacts to the expressed needs and wants of the surveyed participants.



# Chapter One: Increasing Access

While almost three-quarters of adults are familiar with Cash ISAs, awareness of other ISA types is low, and the proliferation of types of ISAs seems to be causing confusion. Broadening uptake, and in particular driving engagement beyond just cash saving, can be achieved by making the ISA landscape simpler and more accessible.

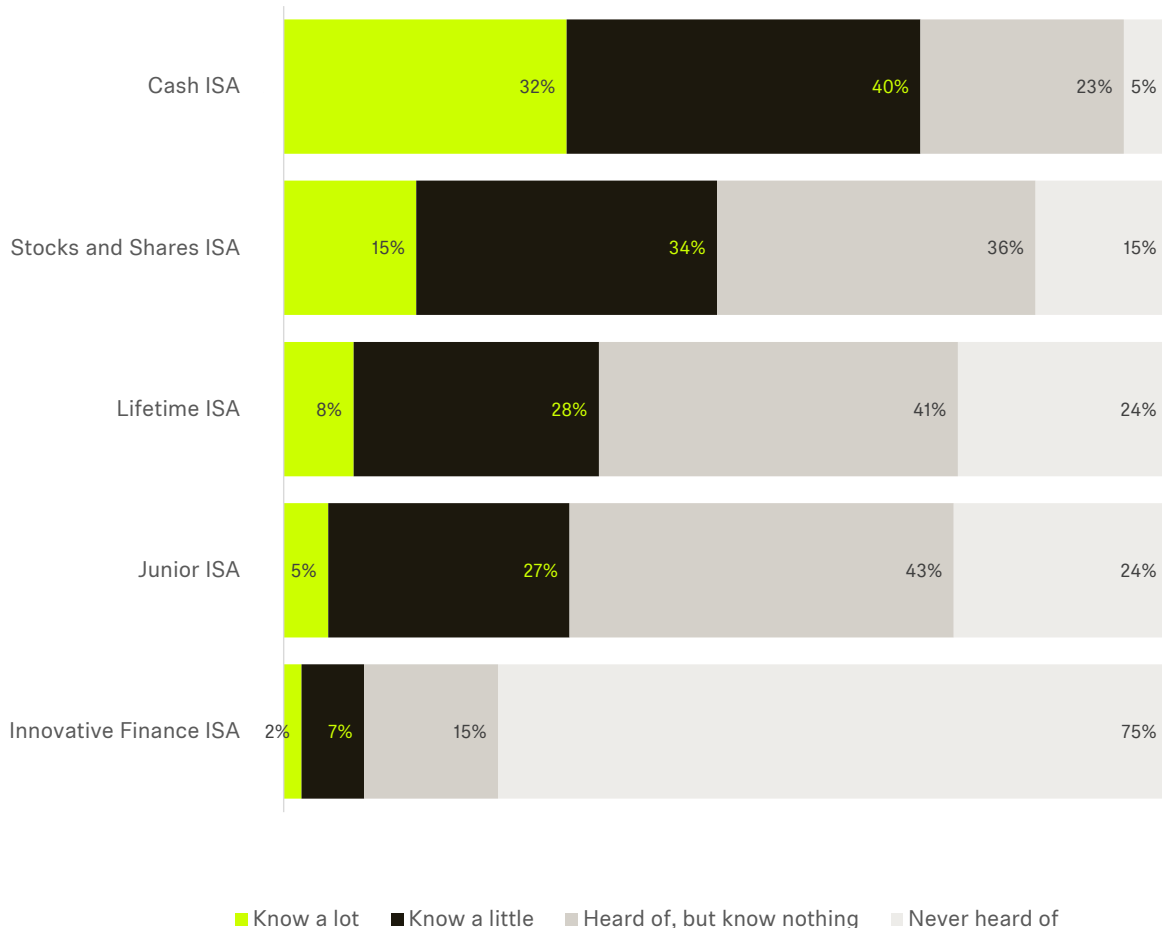
As of 2023-24 – the latest point for which HMRC figures are available -

More than 21 million adults have at least some assets in an ISA. Yet the majority of these (63%) hold only a Cash ISA.<sup>11</sup> In the same year, almost 10 million people paid into a Cash ISA, compared to just over 4 million paying into a S&S ISA, fewer than 1 million people adding to a Lifetime ISA and just 13,000 subscribing to an Innovative Finance ISA.

Our survey found a similar rapid drop-off in familiarity when exploring beyond the cash product.

While 72% of respondents said they knew a lot or a little about Cash ISAs, this dropped to 49% for the S&S product, despite this having been a feature of ISAs since their creation in 1999. For the newest addition to the stable, the Innovative Finance ISA, only 9% felt they knew even a little about the product.<sup>12</sup>

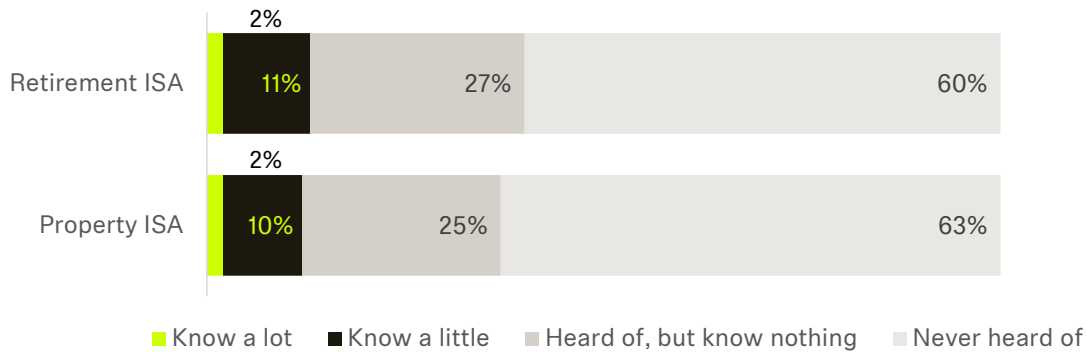
**Figure 4: Self-Assessed Knowledge of ISA by Type ('False' ISA Types)**  
% Selecting each option per ISA | Base: All respondents (n=3311)



To illustrate how confusing the range of ISA products can be, we included two fictional ISA product types in our question set: 'Retirement ISA' and 'Property ISA'

**Figure 5: Self-Assessed Knowledge of ISA by Type ('False' ISA Types)**

% Selecting each option per ISA | Base: All respondents (n=3311)



While familiarity with our two false products was lower than for the Lifetime ISA, respondents felt they knew significantly more about the false products than about the (real) Innovative Finance ISA.

The British public want to have a better understanding of their financial choices. When asked what would help consumers consider ISAs in their financial planning, 39% (42% of women, 36% of men) selected more information on the different types of ISAs that exist and their relevance to individual needs. Better information on the different types of ISA was a far higher requirement than other basic considerations such as how much tax could be saved (27%) or information on the different products that can be held within an ISA (14%).

This provides further evidence that the proliferation of ISA types is confusing to a consumer audience that does not consider itself to have time to research alternative products in detail. The default to the Cash ISA for many savers is an understandable response, even if it is one that significantly reduces returns for consumers over time.

Here we introduce our first recommendation within this report. These recommendations are intended to provide momentum for this research with actionable opportunities to address the needs and wants of the surveyed participants.

**Industry Recommendation 1:**

**While recent HMRC changes now allow consumers to open and contribute to multiple ISAs across different providers within the same tax year, this increased flexibility places a greater burden on individuals to actively track, understand, and manage multiple products. The legislation underpinning the different classes of ISA was designed before mass-market online banking, and today’s consumers expect a more joined-up and seamless experience for both day-to-day banking and longer-term savings and investments. Although some sophisticated consumers already use third-party tools or apps to aggregate balances, for many mass-market consumers this level of coordination remains complex and fragmented. As a result, ISA providers should offer integrated**

**dashboards that show all ISA holdings in a single place and enable straightforward movement of funds between asset classes and ISA types—without requiring consumers to open new accounts or navigate the detailed rules of each ISA class.**

**The Lifetime ISA**

The Lifetime ISA (LISA) was introduced in 2017, with the goal of supporting people under the age of 40 to save towards buying a first home and/or retirement. The included first-home purchase cash bonus from the government has attracted a growing number of savers. Almost one million UK adults contributed to a LISA in the year 2023-24.<sup>13</sup>

However, the product remains in need of improvement, particularly as the LISA has been criticised for attempting to serve two very different goals of home ownership and retirement, which critics argue creates complexity and confusion.<sup>14</sup>

One specific concern is the prospect of having a withdrawal charge applied where a consumer has a change of circumstance or finds that the LISA product no

longer matches their financial goals. This can see savers lose all government bonuses accrued as well as 6.25% of their own deposits.<sup>15</sup>

Only one in seven of all ISA providers offer a LISA product with many high street banks not participating.<sup>16</sup> Martin Lewis, Founder and Executive Chair of MoneySavingExpert, has argued this reflects fundamental flaws in the design of the product; in his words: 'they think they are going to be done for mis-selling' if they offer it as a potential retirement product.<sup>17</sup>

The Treasury Select Committee has described the LISA as 'a confused product that requires reform' and questioned whether it is 'a good use of taxpayers' money.'<sup>18</sup> We therefore welcome the announcement in Budget 2025 that the government will consult on a new, simpler product to replace the Lifetime ISA.

#### **Policymaker Recommendation 1:**

**Evolve the Lifetime ISA.** The government's consultation on a replacement for the Lifetime ISA should focus on offering a simple product to support first time buyers to buy a home. It should avoid positioning this product also at those planning for retirement, given the very different investment approaches needed for these different financial goals. If this new product is to sit outside the broad structure of the Cash and S&S ISA, with its own system of eligibility and bonuses, consideration should be given to not calling this an ISA – tied with the narrowing of focus to first-time buyer support - to avoid the current confusion caused by multiple ISA types. HM Treasury should use the consultation to consider how to protect existing LISA holders, including offering the choice to transfer LISA assets into the new product.

## **Eligibility of Asset Types Within ISAs**

The different categories of assets that can be held in a S&S ISA have expanded to reflect new products that have become popular with investors. Fractional shares, for example, were admitted to the S&S ISA from November 2024 in response to significant consumer demand for fractional interests in high-price stocks. Starting in April 2026, Long-Term Asset Funds (LTAF) will also be added to the S&S ISA.

In our research, we found there is confusion among consumers as to which particular asset types can be held in an ISA when we asked our 3,000+ sample whether they thought different types of assets could be held within a S&S ISA.

Most respondents (71%) correctly identified that shares in UK companies were an eligible asset, but less than half thought that bonds and unit trusts were eligible. Interestingly, while the older cohort was more likely to correctly identify UK shares as eligible, for overseas shares, it was the under-35s that were most likely to know these were also eligible.

Even within the set of assets that are eligible there is significant confusion. 20% of respondents said they did not know what UK stocks and shares were, never mind whether they were eligible for inclusion in a Stocks and Shares ISA. This suggests more education is needed around opportunities for investing to help the British public better approach investment products. It is a concern that half of respondents (48%) did not know what LTAF products were, given it is just a few months until these become eligible within the S&S ISA.

When presented with assets that are not compatible with the S&S ISA, the public largely recognised these as ineligible, as shown in Figure 6.

Broadening the set of assets and products that are eligible to be held within an ISA will support both economic growth and financial inclusion across the UK. Our earlier research found that some less-traditional asset types were especially attractive to groups who were under-represented in investing. Exchange Traded Funds (ETFs), for example, were found to be twice as likely to be held by ethnic minority investors.<sup>19</sup>

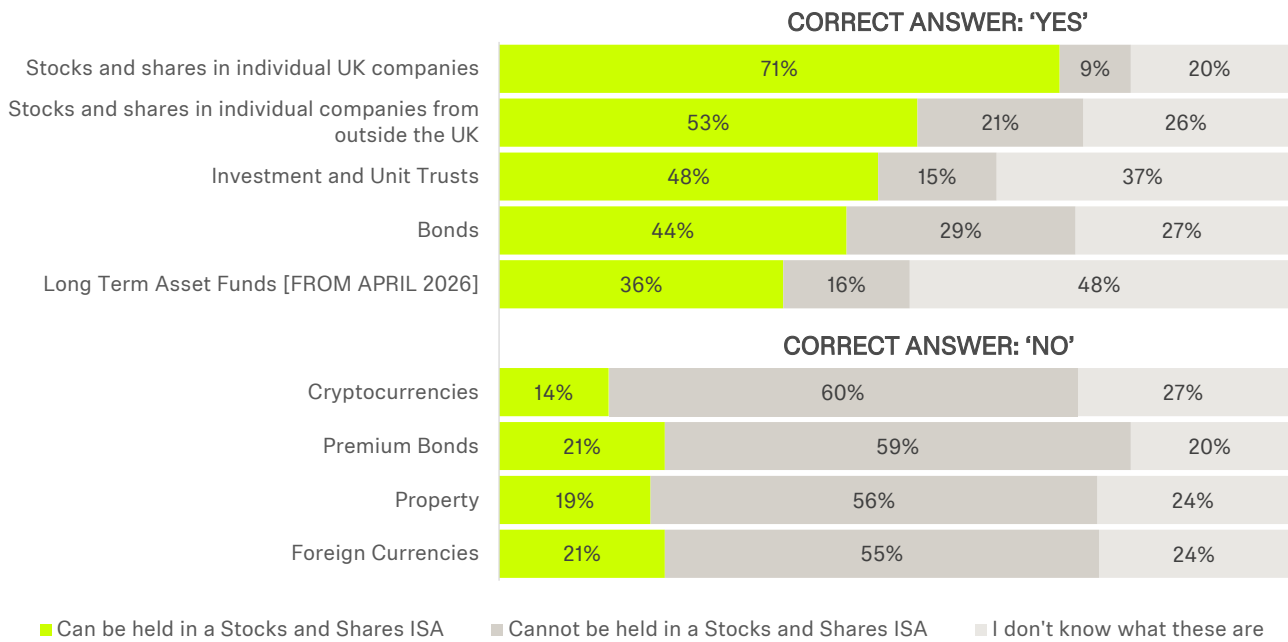
As new products continue to come to market that support households to meet specific financial goals, we urge the government to review the types of investments that prove popular with consumers. Widening eligibility for the S&S ISA to include these more innovative asset types should help make investing more attractive to a wider population.

There is a risk that limiting eligibility for potentially quite popular asset types to the Innovative Finance ISA (IFISA) will inhibit access. As seen above, the IFISA has very low consumer recognition and is less well known among respondents than 'false' ISA products made up for our survey. Making an asset class only available within an ISA product that consumers do not recognise has the effect of preventing many consumers from accessing the products they want.

This concern should be especially considered by policymakers in respect of assets such as crypto exchange traded notes (cETNs), where even the FCA has noted that consumers already had 'existing retail access to alternative unregulated or higher-risk products providing exposure to cryptoassets.'<sup>20</sup> In other words, restricting access to the regulated products that consumers want, may have the perverse consequence of driving them to access unregulated products that come with much higher risks.

Figure 6: Knowledge of Instruments that can be Held in Stocks & Shares ISA

**Knowledge test responses (top half: correct answer = “Yes”; bottom half: correct answer = “No”)**  
 % selecting each option | Base: All respondents (n=3,311)



**Policymaker**

**Recommendation 2:**

Broaden asset eligibility to reflect consumer preference. There is significant evidence to suggest that consumers want to be able to invest in asset classes that are currently excluded from the ISA regime such as crypto ETNs. These should be made permissible as part of the current S&S ISA. Moving crypto ETNs to only be accessible in the Innovative Finance ISA—a product with very low awareness—will restrict access only months after they were made available. Government should further consider whether retaining the IFISA as a separate product is necessary, not least given one initial reason for it being separate related to the ‘one ISA per year’ limitation—which has since been removed.

**Industry**

**Recommendation 2:**

The evidence here also suggests that the public perceive the S&S ISA to be a narrower product, with more limited asset eligibility, than it really is. Alongside the recommendation for policymakers to broaden asset eligibility, there is a role for industry in educating consumers about the range of permissible asset types within the existing S&S ISA regime. Providers should also strive for clarity and simplicity when it comes to educating consumers on the value of compound interest, with easy-to-understand examples being key.

# Chapter Two: Investing as a Form of Saving

There are multiple benefits to investing over saving. For individuals, investing can get them closer to their financial goals and better protect their money against the effects of inflation. For the UK as a whole, investing provides capital to build infrastructure and support firms looking to scale up. The government is right to want to promote investment. In this chapter we examine how savers can be better supported to become investors.

In the UK, 43% of adults have

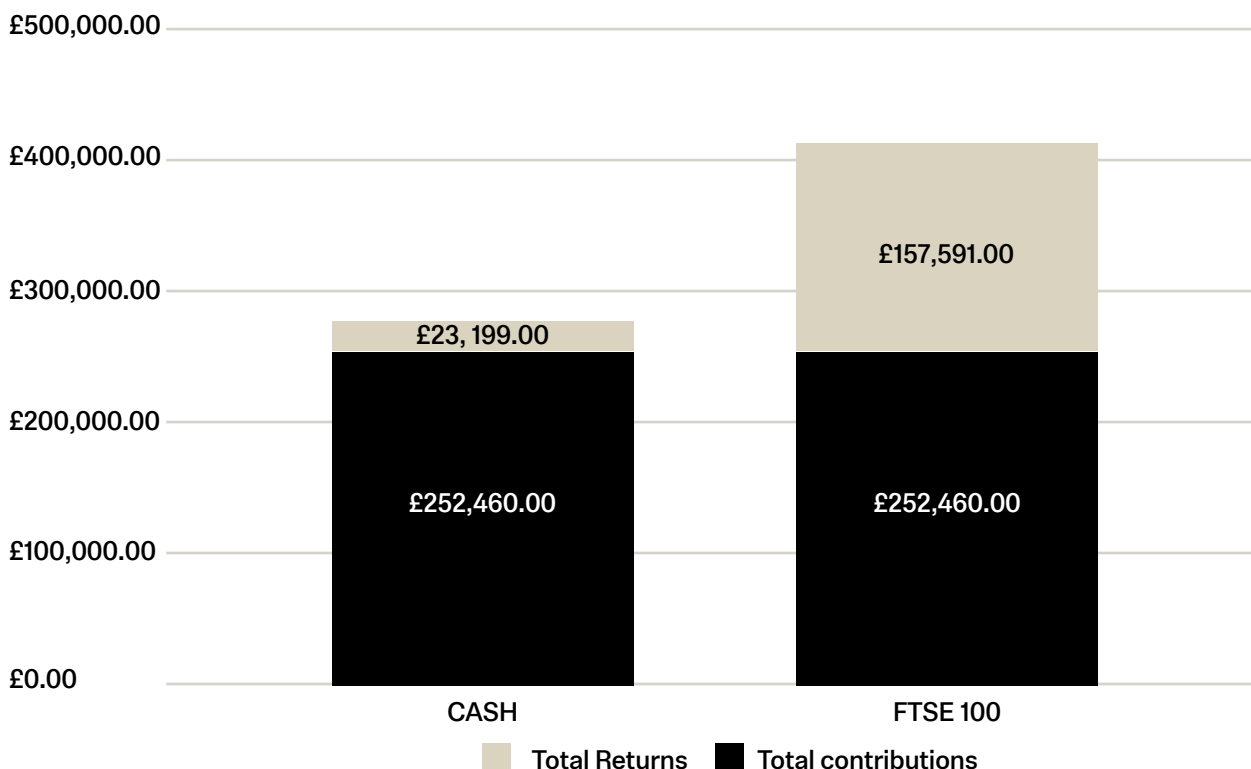
£10,000 or more in investable assets.<sup>21</sup> But 41% of these people keep all of that in cash and a further 19% keep three-quarters or more in cash.<sup>22</sup> This represents a large value of investment returns being missed out on by individuals and a drag on the economy from inefficiently allocated assets.

The FCA has previously recognised this and set itself an objective to encourage more consumers who want to save for the long term to consider investment opportunities.<sup>23</sup> The FCA's target is to reduce the number of high risk appetite consumers holding more than £10,000 in cash by 20%.<sup>24</sup>

A 2025 analysis by the Investment Association showed that a Cash ISA saver over the past five years would have lost more than 12% of its value in real terms,<sup>25</sup> whereas the upside from investing instead is significant.<sup>26</sup> In our 2025 report on building an investing culture in the UK, we pointed out that a customer who had put £1,000 into a global equities fund in a S&S ISA on the first day of each tax year since 2000 - i.e. a total investment of £25,000 - would have a balance as at April 2025 of more than £92,000.<sup>27</sup>

Figure 7: Returns From Cash vs FTSE 100

Investment over 26 years with maximum contributions, adjusted for inflation





An over-reliance on cash savings means savers risk missing out on potentially better investment outcomes. Recent research shows that UK savers maxing out their cash ISA allowance every year since ISAs launched in 1999 would have lost out on more than £134,000 in real wealth creation versus those investing in UK shares over the same period. This equates to a 6.7x return for equity investors over cash investors.<sup>28</sup>

To understand how to encourage savers to become investors, we first identified what people are looking for when choosing a saving or investment product.

### The Attractive Attributes of Saving and Investing Products

The single most desired attribute (out of a list of 13 tested in our

survey) of a saving or investment product is 'being able to access your money at any time.' This was a key factor in choosing where to put money for 47% of the public. Related to this, a lack of penalties for withdrawing money, was the third most selected.

These attributes are desirable for both Cash ISA and S&S ISA products. To see the difference between the products, we have to look at growth potential versus risk minimisation.

Respondents were strongly interested in many features of investment accounts. High potential for money to grow in value over time was a key feature for 30% of respondents and ensuring the value of money keeps pace with or outgrows inflation was important to 32%.

Importantly, respondents attached relatively less importance to the positives of a cash saving product. Minimising the risk of losing some money was identified as a key attribute by only 17% - with an even split between usually more risk-taking men and usually more risk-averse women. In other words, consumers were nearly twice as likely to be focused on the potential for their funds to keep pace with or outgrow inflation than they were to be concerned about the risk of losing some money. This suggests an understanding that the benefits of value growth are likely to outweigh, over time, the risks from investing.

Figure 8: Desired Savings Product Attributes (Overall)

% selecting each option | Base: All respondents (n=3311)



We wanted to know whether the public associated the attributes they found attractive with the products which would provide these benefits.

The S&S ISA was well recognised for its ability to grow in value and to offer diversification. 63% of respondents identified the S&S ISA as the best product for offering high growth potential and 55% saw it as the best way to spread money across different types of savings and investments. But a clear indication of hesitations about the S&S ISA is also obvious.

As we describe above, being able to access money at any time was the most important attribute in our survey. Yet only 2% of respondents thought the S&S ISA was the best option for meeting this objective.

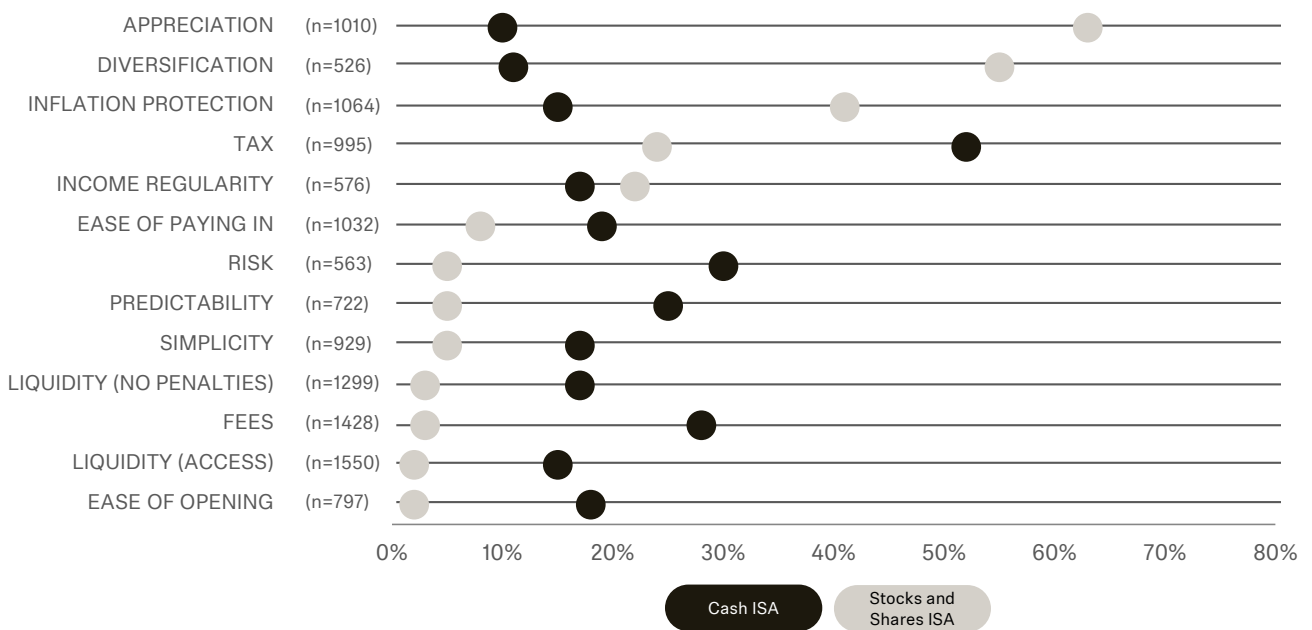
The comparison with the Cash ISA on other key attributes helps to explain why uptake of the S&S ISA has been lower. Across the population 43% saw not having any fees to pay as being a critical attribute. But only 3% of respondents saw the S&S ISA as the best product on this measure, compared to 28% selecting the Cash ISA as best for avoiding

fees. Cash ISAs also win out on perceptions of the ease of managing money.

Respondents have similarly disparate views about the tax advantages of different products; 52% identified the Cash ISA as the best product for shielding their money from tax, compared to just 24% selecting the S&S ISA. While the Cash ISA does protect interest payments from tax, the S&S ISA arguably offers greater protection, exempting profits, dividends and interest from UK income tax and capital gains tax.

**Figure 9: Perceptions of Savings and Investment Products: Cash vs S&S ISAs**

% selecting each product as “best” for each attribute (among respondents selecting the attribute as most important)  
Base: All respondents (n=3,311)



**Not shown but included in question: Easy access savings, limited access savings, fixed rate savings**

These findings suggest there is an underlying enthusiasm for investing in a S&S ISA, but misconceptions about the product remain a barrier to adoption.

### The investing tipping point

For many of our respondents, the security of having cash saved somewhere else was an important

factor in giving them the confidence to start investing in a S&S ISA. 54% of those considering a S&S ISA and 39% of those who had a S&S ISA product felt they needed a certain amount of cash put away before they could begin investing. Among those with ISA investments, this concern was significantly more prevalent for women (46%) than for men (35%), and especially important to those who were parents.

This is not an insignificant barrier. The median amount of separate cash savings those with S&S ISAs felt they needed before opening an investment product was £8,764. For 19% of those surveyed, separate savings of over £20,000 were perceived to be needed.

The motivation for this saving buffer varied between respondents as shown in the box on p17:

## Reasons for Needing a 'Buffer' Before Investing

Source: Survey Comments

**'That 'buffer' would allow me to let the Stocks and Shares ISA to grow via regular deposits...to develop an inheritance for my children and grandson.' (Savings buffer: £30,000)**

For others with high volume of existing savings, the combination of low interest rates/high inflation can initiate consideration of investing anything over that amount:

**'I was concerned that my cash was not keeping up with inflation so I considered it prudent to expose some of my funds to the stock markets.' (Savings buffer: £150,000)**

Those with lower savings thresholds tended to be more motivated by a combination of long-term goals and having reached a certain level of emergency fund:

**'This is enough to cover essential bills for two months.'**  
**(Savings buffer: £4,000)**

Lower savings thresholds are also linked to the view that a certain amount of money is needed for a Stocks and Shares ISA to be 'worthwhile':

**'I considered anything lower than this was not worth investing. It is a good start.'**  
**(Savings buffer: £250)**

Together with the evidence on product attributes above, these findings on the perceived need for a cash buffer suggest that one significant concern is that a S&S ISA is not a liquid product - and is therefore less accessible than cash accounts. However, there are many highly liquid asset that can be held within the S&S wrapper today, such as gilts, corporate bonds, and money market funds. Following the restrictions on the Cash ISA limit announced at the Budget, we anticipate a consultation on defining cash-like assets will be important to avoid unintended consequences. In any case, better education is important to ensuring that consumers understand how their investments, whether they are in shares, bonds, or ETFs, can usually be traded within minutes should a consumer need access

to cash. Thus, better education for consumers on the capabilities of different asset classes will be vital to increasing uptake of S&S ISAs.

### **Industry Recommendation 3:**

**ISA providers regularly inform consumers of the maximum annual subscription limit but rarely call attention to the fact that S&S ISAs can be opened with as little as £1.**

**The ISA industry should increase awareness of this wealth creation tool, emphasizing the little to no barriers that exist to accessing it.**

### **Information and Warnings**

Risk warnings have long been attached to investment products to ensure investors understand that their capital is at risk despite the higher returns to investments,

even over relatively short horizons.<sup>29</sup> In comparison, savers are not routinely made aware that their money is liable to erosion by inflation. Our research contained two experiments to understand how inflation warnings might impact the consideration of investments.

In our first experiment, the aim was to understand awareness of inflation and how this impacts decisions to pay into a Cash ISA. All 3,300 participants were told of a Cash ISA that:

**'The account has a variable interest rate that is currently equivalent to 3.5% per year, which is tax-free. The estimated balance after 12 months if £1,000 was paid in, the interest rate stayed the same and no further money was taken out or paid in is £1,035.'**

For half the sample, the information ended there; for the other half the following was added:

**'The current rate of inflation in the UK is 3.8%. If this and the rate of interest paid on the account were to stay constant, the £1,035 in the account after 12 months would be worth the equivalent of £997 today. In five years, the account would**

**hold £1,188 - worth the equivalent of £985 today.'**

Among the group given the short statement 48% were very or moderately interested in putting money into this account. However where the additional inflation information was provided this number fell to 31%. In other words, the provision of further information

on how inflation could impact cash saving led to a 17-percentage point drop in interest in a Cash ISA account.

Our second experiment went further, to look at how information provided about investment returns against inflation would impact consideration of a S&S ISA.

All 3,300 participants were told of a S&S ISA where:

**'The account allows you to add individual shares and other investments – chosen by you - worth up to £20,000 each year. Any gains the investments make are tax-free. There is no minimum deposit, and there are no fees associated – other than small exchange rate fees for buying non-UK shares.'**

For half the sample, the information ended there, but similar to the experiment above, the following additional information was provided for the other half of the sample:

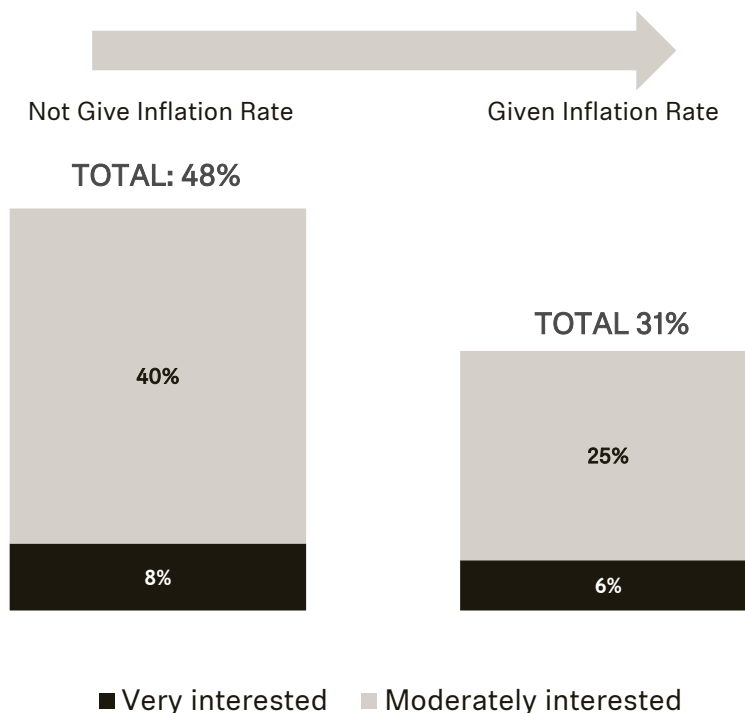
**'As an illustration, money invested in the FTSE Global All Cap Index (A benchmark which includes large-, mid-, and small-sized companies globally) has grown an average of around 11% each year for the last decade. The value of shares can go down as well as up – and past performance does not necessarily predict the future: however, an investment performing at the level of the FTSE Global All Cap Index would have a value of: £1,100 (£1,069 in real terms, if inflation stays constant) after one year / £1,685 (£1,397 adjusting for inflation) after five years. This excludes any additional growth from dividends earned or reinvested.'**

Figure 10: Impact of Inflation Information on Interest in Cash ISA

**Impact of providing inflation rate and projected real value on interest**

% selecting each option | Base: All respondents (n=3311; split sample – half received inflation information, half did not)

Drop-off in Total at Least 'Moderately Interested': 17ppts





Here we surprisingly found a small (3 percentage point) decrease in consideration of the investment product when the additional detail on returns was provided, falling from 57% moderately or very interested in the first half of the sample to 54% once growth projection information was added. This may, in part, reflect the complexity of providing a balanced statement about investment returns to an audience that is not financially sophisticated – suggesting further consideration and testing of how information on previous stock market performance can be given in simple terms.

We conclude that providing detailed information on historic returns to investing has little impact (unless this information can be made more digestible), but warning cash savers about the potential erosion of their money due to interest rates not keeping up with inflation could have an impact on their relative perception of investing versus cash saving.

**Regulator**

**Recommendation 1:**

**Our evidence on the impact of warning consumers of the erosion of the value of savings due to inflation is stark. In December of last year, the FCA moved to clarify requirements around the application of risk warnings in financial products – in particular underscoring lack of prescriptions around wording, separation from the main body of promotion, and ordering of risks/benefits.<sup>30</sup> The FCA should continue to signal room for a new form of risk warning that could be given to those putting significant sums into cash saving products to ensure they are properly informed of both the likely impact of inflation and the types of alternative investment products that may offer better returns.**

**Policy Options**

In the 2025 Budget, the Chancellor sought to encourage savers in Cash ISA products to become investors in S&S ISAs by restricting the allowance for cash saving, beginning in 2027. While this will inevitably reduce Cash ISA subscriptions, the evidence above suggests that on its own, this is unlikely to lead to a significant uptick in investing.

'Someone who's invested £1,000 a year in an average Stocks and Shares ISA every year since 1999 would be £50,000 better off today than if they'd put the same money into a Cash ISA. And so from April 2027, I will reform our ISA system... keeping the full £20,000 allowance while designating £8,000 of it exclusively for investment.'

**Rachel Reeves, Chancellor of the Exchequer, 2025**

Limiting cash saving may make additional sums available to the minority of ISA savers with more than £12,000 per year to put away, but it will not change the perceptions of the S&S ISA in terms of concerns around access and fees. Unless and until consumers have a better understanding of the value of the S&S ISA and have some of their concerns about the product dispelled, many will continue to default to cash saving. The evidence we have presented shows that broader financial education and specifically better consumer information about the S&S ISA is vital to increasing uptake.

For a government that is keen to drive savers to become investors, there are policy options – in addition to greater financial education and incentives - that could significantly change the relative attractiveness of investing over saving within the ISA landscape. On page 20, we

offer two new policy suggestions of how the government could improve the attractiveness of the S&S ISA relative to the cash option.

First, since the creation of the ISA, annual subscription limits have been fixed, without the flexibility to roll unused portions forward as seen in, for example, self-invested personal pensions (SIPPs). As a comparison, we looked at the Canadian equivalent of the ISA, the Tax-Free Savings Account (TFSA), which offers greater flexibility.

The TFSA is a Canadian government-registered savings and investment account available to individuals aged 18 and older with a valid Social Insurance Number. It was introduced in 2009 to help Canadians grow their savings tax-free. The TFSA allows individuals to contribute a set annual amount — \$7,000 in 2025 — and any investment income, capital gains or dividends earned within the account are not taxed, even when withdrawn.

One critical difference is that unused contribution allowances are carried forward from year to year with no expiry. For example, an adult who was eligible to contribute in every year since 2009 but has not yet paid in, would have a contribution limit of \$102,000 available as of 2025.

The opportunity to carry forward contributions has a positive distributional benefit of supporting those who, in specific years or at specific times of life, may not have disposable income available to save or invest. The government may reasonably not wish to make such an allowance available to all ISAs but could apply this model to S&S ISAs to increase the relative attractiveness of investing compared to cash saving.

There is a useful UK precedent for a similar form of carry forward in the treatment of unused annual

allowances on pension savings. Currently most UK adults can save into a pension pot tax free up to £60,000 in each tax year.<sup>31</sup> If this is not used in full, any unused portion can be carried forward for up to three years. Take, for example, a worker wanting to reduce their pension contributions for a few years while they save or invest to buy a home. In years one to three, between employer and employee, £500 a month is set aside into a workplace pension totalling £6,000 each year. Then in year four, having completed the house transaction, the employee would be able to carry forward the unused allowance of £162,000 (£54,000 x 3) and put more than the £60,000 allowance into their pension without facing an additional tax charge.<sup>32</sup>

**Policymaker  
Recommendation 3:**

**Introduce carry forward for unused ISA investment allowances. Allowing the carry forward of unused allowances in the S&S ISA (but not the Cash ISA) could increase the attractiveness of the S&S ISA promoting investment. It would also support consumers to invest more around certain life moments where they may have specific reasons to make investments.**

Second, we considered the way share transactions are taxed. As shown above, consumers consider the Cash ISA to have greater tax advantages compared to the S&S ISA. In one sense, our respondents were right to conclude that their cash savings were protected from tax while UK share transactions, even within the S&S ISA, face a 0.5% transaction tax in the form of Stamp Duty Reserve Tax (SDRT).

This transaction tax not only presents a barrier to investment for ordinary retail consumers but also puts the UK at a significant competitive disadvantage relative to global peers who do not levy such a tax. UK consumers holding a S&S ISA actually see a disincentive to invest in UK equities which attract SDRT, compared to purchases of US equities, for example, which do not. This runs a limited cost to the government's aim for consumers to invest more in domestic assets.

Modelling undertaken in 2024 by the Oxera consultancy found that abolishing SDRT on shares could be expected to lead to a permanent increase in GDP of between 0.2% and 0.7% in the long run.<sup>33</sup>

Removing stamp duty from equities transactions within the S&S ISA would have a limited cost for the exchequer. We derive a simple estimate of the cost as follows. HMRC statistics show that the total value of S&S ISA holdings is £511 billion,<sup>34</sup> of which 23% is held in UK equities according to the Investment Association.<sup>35</sup> Velocity of trading subject to SDRT has been estimated by Oxera at 31%, that is a typical stock would trade around once every three years. Taken together this suggests £36.4 billion of SDRT liable transactions per year, which at a tax rate of 0.5% implies gross tax proceeds of £182 million.<sup>36</sup> This estimate is similar in magnitude to the estimate produced by AJ Bell based on their own customer data of an exchequer impact of around £120 million. (The difference may relate to the velocity of transactions in S&S ISAs being below the level seen across the wider investment landscape). In terms of the government budget this is a very small sum: around 2% of the DEFRA budget or less than 5% of the prizes awarded annually by the national lottery.

**Policymaker  
Recommendation 4:**

**Exempt UK shares held in the S&S ISA from SDRT. Recognising that HM Treasury might not wish to lose all of the circa £3 billion of revenue associated with SDRT, an exemption only for share purchases made within an ISA wrapper should be considered.<sup>37</sup> This would follow the logic of the UK Listing Relief: Stamp Duty Reserve Tax announced at Budget 2025. This policy would remove the perception that deposits into a Cash ISA are treated more tax advantageously than share purchases in a S&S ISA, promoting investment in line with government objectives. Only a small share of SDRT-liable equity trading occurs within S&S ISAs, and so such an exemption would reduce Exchequer revenues by a relatively modest amount (estimated at c.£120–£180 million annually), rather than the full £3 billion raised by SDRT.**

# Chapter Three:

# Investing to Save for the Next Generation

Saving and investing provides people with opportunities to meet their life goals and resilience against shocks along the way. But too many people never get into the habit of saving or investing. In this chapter we look at how a culture of saving and investing can be established from a young age.

Providing for children not only now, but in advance of their adulthood, is a powerful motivator for saving and investing. Among the parents in our survey (whether or not they are currently saving or investing), saving for a child ranked third equal out of a list of nine motivators for the idea of putting money aside.<sup>38</sup> Of those particularly motivated by this, half (48%) say they envision a lump sum being provided once the child reaches 18. Six in ten (59%) of those who foresee this have already set up savings or investments in the child's name.

However, it is not just parents that save or invest for children. Indeed, for many families there is a strong desire to be able to provide something to other children in the wider family group. We found grandparents were almost as likely to be motivated to save and invest for the younger generation as parents, and many aunts and uncles also had this as a financial goal.

Among this wider group of relatives motivated to save and invest for a child, over half of grandparents (54%) and around a third of aunts and uncles (32%) envision a lump sum from family savings providing a source of income once the child reaches 18.<sup>39</sup>

Given the low rates of investing in the UK, teaching young people about investing with a real account that they can observe and eventually manage could support an increase in financial literacy and develop a greater investment culture for the next generation.

## Saving and Investment Products for Children

We wanted to understand what parents and other family members were looking for in the products and accounts they might use to save or invest for a child. We found that those saving for a child approached both saving and investing differently than a self-oriented account. The most important concern, demonstrated by 55% of those saving for children (compared to 31% of our whole sample), was having flexibility over contributions, both when and how much to deposit.

Three other attributes were significantly more important for those wanting to save for a child:

1. High potential for your money to grow in value over time;
2. The value of your money keeping pace with or outgrowing inflation; and
3. Minimising the amount of tax paid on the growth of your money. In each case these were selected by 13-18 percentage points more among those wanting to save for a child compared to general savers and investors.

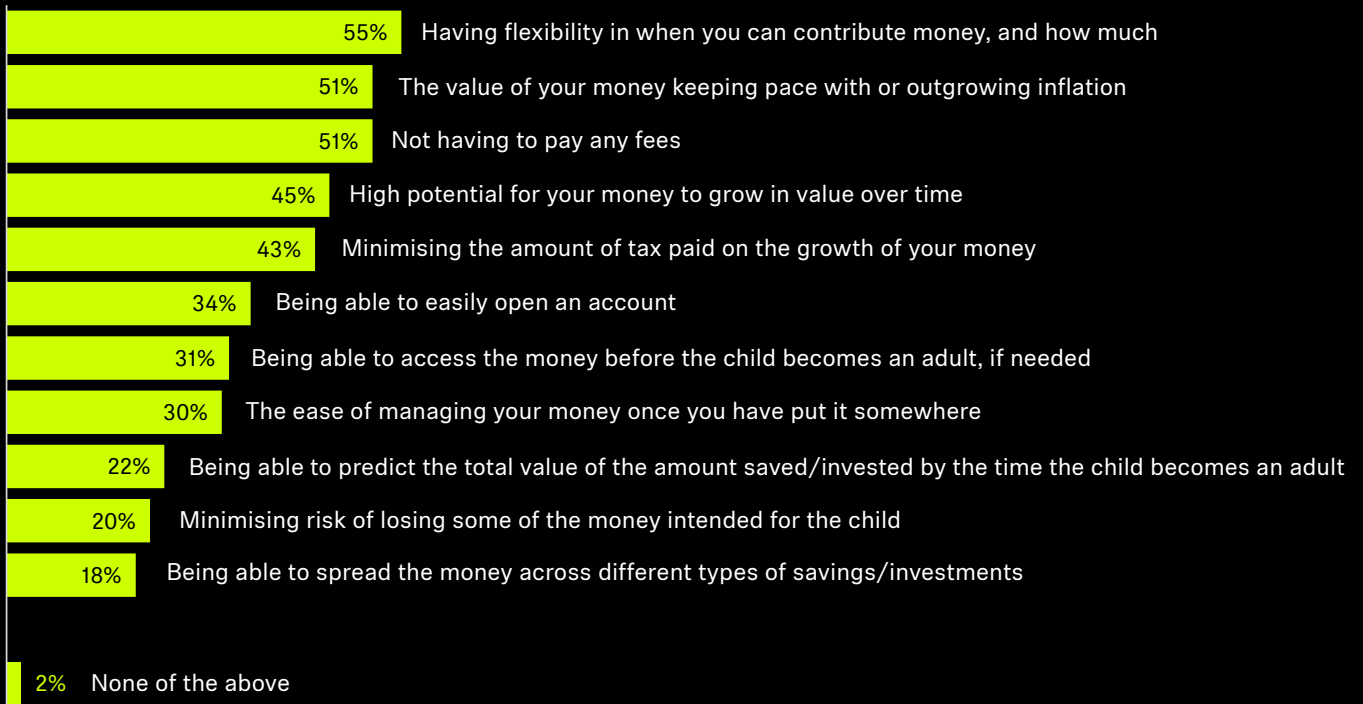
The priorities people express when saving for a child align closely with the design of the Junior ISA (JISA), particularly the Stocks and Shares JISA. However, this interest is not reflected in actual uptake. In the most recent year for which data are available (2023-24), subscriptions were made into around 1.4 million JISA accounts<sup>40</sup>—equivalent to roughly 10% of eligible children. By contrast, around 15 million adult ISA accounts received subscriptions<sup>41</sup> in the same period, representing over a quarter of eligible adults.

Contribution levels into JISAs are also significantly lower. In 2023-24, the average annual JISA subscription was £1,347, compared with almost £7,000 for adult Cash ISAs.<sup>42</sup> This gap suggests that, even where families are saving for children, they are doing so at much lower levels than in adult accounts.

Part of this disparity appears to reflect low familiarity with the JISA.

Figure 11: Desired Savings Product Attributes When Saving for a Child

% selecting each attribute | Base: Respondents indicating saving for a child as their main savings goal (n=402)



Only 5% of the public say they know a lot about the product, with a further 27% saying they know a little. This compares with 15% and 34% respectively for adult Stocks and Shares ISAs. More than two-thirds of respondents said they knew nothing about the JISA or had never heard of it at all. Limited awareness is likely to constrain uptake and may also mean that many families are unaware that wider family members—such as grandparents—can contribute to a JISA, unlike adult ISA products which are better understood.

When respondents were asked to compare different options for saving for a child, the Stocks and Shares JISA stood out clearly. It was most frequently selected as the best product for achieving growth and to keep pace or outgrow inflation. More than half of respondents identified the S&S JISA as the best option for appreciation, compared with fewer than one in five who selected a Cash JISA. Similar

gaps emerged in perceptions of diversification and protection against inflation, all favouring the S&S JISA (see Figure 12).

Despite these advantages, the Stocks and Shares JISA was viewed less positively on practical considerations. Respondents were more likely to see it as complex and harder to open or contribute to, suggesting that usability and familiarity remain important barriers even where preferences for long-term outcomes are clear.

Given the long-term nature of JISA accounts – withdrawals cannot be made until the child turns 18 – and therefore an investment-based product may be a fitting product for those saving needs. However, this is not reflected in the number of families contributing to each of the two products – over the ten years to 2024 almost twice as many Cash JISAs had funds paid in each year than S&S JISAs.<sup>43</sup> There is a role for industry here to better signpost to parents considering a JISA for their

child the potential for a much larger pot at age 18 from a S&S JISA.

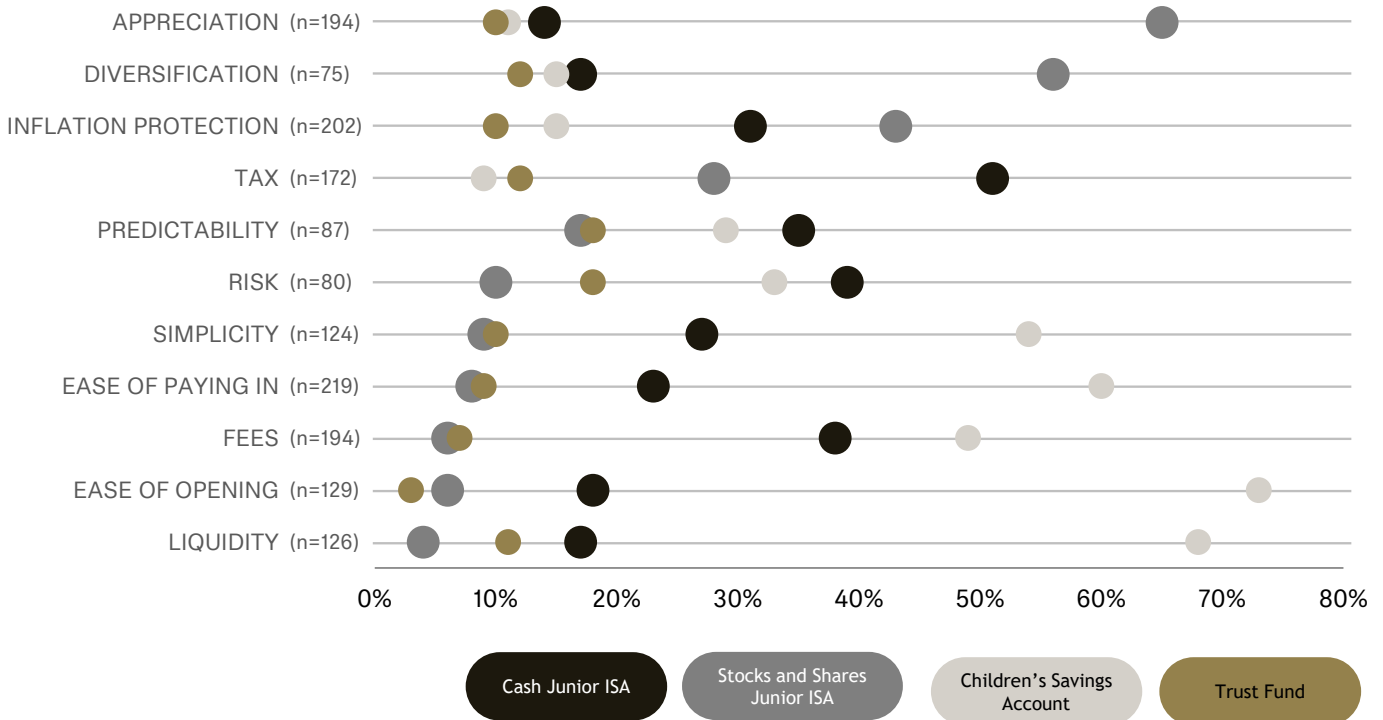
Low rates of saving and investing in the two JISA products may also reflect inertia around opening a dedicated product for a child. Some parents might choose to save within an existing adult ISA product, with the intention of giving a portion of this money to a child at a later date.

While a parent putting money into their own ISA may, for most families, have the same tax advantages as opening a JISA, this route does not encourage co-saving by other members of the family.<sup>44</sup> A parent's ISA also does not offer the same educational benefit to the child as their own account, inhibiting the potential growth towards an investing culture for the next generation.

We saw above that among grandparents, aunts and uncles there was significant appetite to set up an account to provide funds for a child to be accessed when they turn

Figure 12: Preferences for Savings and Investment Products

% selecting each product as “best” for each attribute (among respondents selecting the attribute as most important)  
 | Base: Respondents indicating saving for a child as their main savings goal (n=402)



18. However, even though wider family members can contribute to a JISA, the current rules mean that accounts can only be opened by parents or a guardian with parental responsibility. We show below that the automatic creation of such an account for a child may help to overcome this barrier and support wider family contributions.

### Long-Term Outcomes of Saving and Investing for Children

Many countries are now exploring or introducing universal, government-backed savings and investment accounts opened at birth. The UK was an early adopter through Child Trust Funds (CTFs), introduced in 2002 as the world's first universal savings account for children. Available to all UK-born children with citizenship, CTFs were provided by commercial firms, with NS&I acting as a default option.

Today, nearly £12.5 billion is held in Junior Individual Savings Accounts (JISAs), with more than 1.3 million accounts receiving contributions in 2023–24. However, despite their long-term purpose, over a third (36.4%) of JISA subscriptions in 2023–24 were made into cash rather than investment accounts, limiting children's exposure to the benefits of compound growth from equities.<sup>45</sup>

Behavioural research, including work by Daniel Kahneman and Richard Thaler, highlights the importance of choice architecture and defaults. Automatically opening an investment account for every child at birth—such as a S&S JISA—could encourage participation among families who might not otherwise save at all, and shift those who do save away from cash and towards long-term investment.

When finances allow, government should look at the potential for

automatic investment account creation for all children at birth. Our survey presented a scenario where an account was set up at birth for a child automatically. In this scenario the account held the same range of assets as a S&S ISA. Finally, the participants were told that government would make a contribution and that family and friends could also contribute on similar terms to the current S&S ISA. The majority of respondents who were also parents (81%) said they would be interested in this type of account, with 88% of those interested saying they would be likely to contribute themselves.

'I think it's more likely that you would continue to save money into an account like this if it were opened automatically with the starting deposit.'

**Parent, survey response**

# Conclusions and Recommendations

The ISA brand is a powerful tool for supporting more UK consumers to save and invest, both for themselves and for their children. While reform should be incremental to avoid confusion and diminished trust in the ISA brand, there are options to simplify the ISA landscape and broaden accessibility. The government should build upon the momentum of LISA and Cash ISA changes announced in the 2025 Budget to consider further changes to the ISA landscape that will enable families to better grow savings for their children, and help low-income groups to open ISAs.

## Conclusions

UK consumers could reach better returns and get closer to their financial goals by moving savings into investments. The data from our survey shows that many consumers have an appetite for risk and focus on medium-term gains that are aligned to investing. The S&S ISA is an ideal vehicle for increasing UK-wide participation in retail investing, but for many adults understanding of the Cash ISA is greater and lower familiarity with other ISA types deters investing. As HM Treasury seeks to reduce the Cash ISA subscription limit, there is an opportunity for government and industry to look again at how to promote investing over saving and drive wider access to the S&S ISA.

One key adjustment that would increase the uptake of the S&S ISA is widening the range of assets that can be held within it. Consumers should be able to hold the investments that best suit them within the ISA wrapper. This includes products such as cETNs. Greater education for consumers about what investments, beyond the stocks and shares that the name suggests, are eligible for the S&S ISA, should also be included.

One of the most striking insights from our survey is how information on the impact of inflation on the value of savings affects consumer preferences. The presentation of data on how inflation may cause savings to decrease over time led to a reduction of over a third in the proportion of consumers interested in putting money into a Cash ISA. As the government considers how to better incentivise investment over saving, it should work with the FCA to consider the balance of risk warnings between investment and savings products.

Financial planning for a child's future is a driver for many families to save and invest. Our survey showed a significant appetite among grandparents, aunts and uncles to set up or contribute to an account to provide funds for a child to be accessed when they turn 18. The Child Trust Fund, introduced in the early 2000s, saw wider family members contributing to around one-third of accounts and increased the amounts saved for children living in non-home-owning households by around £600. Our data showed how the automatic creation of an account for children,

such as a Junior ISA, increased the likelihood for families to contribute to savings and investments for children. It is notable the survey shows a strong desire amongst extended family—in particular grandparents—to contribute. Teaching young people about investing with a real account that they can observe and eventually manage could support an increase in financial literacy and create a greater investment culture for the next generation.



## Policymaker Recommendations

### Policymaker

#### Recommendation 1:

Evolve the Lifetime ISA. The government's consultation on a replacement for the Lifetime ISA should focus on offering a simple product to support first time buyers to buy a home. It should avoid positioning this product also at those planning for retirement, given the very different investment approaches needed for these different financial goals. If this new product is to sit outside the broad structure of the Cash and S&S ISA, with its own system of eligibility and bonuses, consideration should be given to not calling this an ISA—tied with the narrowing of focus to first-time buyer support—to avoid the current confusion caused by multiple ISA types. HM Treasury should use the consultation to consider how to protect existing LISA holders, including offering the choice to transfer LISA assets into the new product.

### Policymaker

#### Recommendation 2:

Broaden asset eligibility to reflect consumer preference. There is significant evidence to suggest that consumers want to be able to invest in asset classes that are currently excluded from the ISA regime such as crypto ETNs. These should be made permissible as part of the current S&S ISA. Moving crypto ETNs to only be accessible in the Innovative Finance ISA—a

product with very low awareness—will restrict access only months after they were made available. Government should further consider whether retaining the IFISA as a separate product is necessary, not least given that the initial driver of it being separate related to the 'one ISA per year' limitation which has since been removed.

### Policymaker

#### Recommendation 3:

Introduce carry forward for unused ISA investment allowances. Allowing the carry forward of unused allowances in the S&S ISA (but not the Cash ISA) could increase the attractiveness of the S&S ISA promoting investment. It would also support consumers to invest more around certain life moments where they may have specific reasons to make investments.

### Policymaker

#### Recommendation 4:

Exempt UK shares held in the S&S ISA from SDRT. Recognising that HM Treasury might not wish to lose all of the circa £3 billion of revenue associated with SDRT, an exemption only for share purchases made within an ISA wrapper should be considered.<sup>46</sup> This would follow the logic of the UK Listing Relief: Stamp Duty Reserve Tax announced at Budget 2025. This policy would remove the perception that deposits into a Cash ISA are treated more tax advantageously than share purchases in a S&S ISA, promoting investment in line with government objectives.

Only a small share of SDRT-liable equity trading occurs within Stocks & Shares ISAs, and so such an exemption would reduce Exchequer revenues by a relatively modest amount (estimated at c.£120–£180 million annually), rather than the full £3 billion raised by SDRT.

## Regulator Recommendations

### Regulator

#### Recommendation 1:

Our evidence on the impact of warning consumers of the erosion of the value of savings due to inflation is stark. In December of last year, the FCA moved to clarify requirements around the application of risk warnings in financial products—in particular underscoring lack of prescriptions around wording, separation from main body of promotion, and ordering of risks/benefits.<sup>47</sup> The FCA should continue to signal room for a new form of risk warning that could be given to those putting significant sums into cash saving products to ensure they are properly informed of both the likely impact of inflation and the types of alternative investment products that may offer better returns.

## Industry Recommendations

### Industry

#### Recommendation 1:

While recent HMRC changes now allow consumers to open and contribute to multiple ISAs across different providers within the same tax year, this increased flexibility places a greater burden on individuals to actively track, understand, and manage multiple products. The legislation underpinning the different classes of ISA was designed before mass-market online banking, and today's consumers expect a more joined-up and seamless experience for both day-to-day banking and longer-term savings and investments. Although some sophisticated consumers

already use third-party tools or apps to aggregate balances, for many mass-market consumers this level of coordination remains complex and fragmented. As a result, ISA providers should offer integrated dashboards that show all ISA holdings in a single place and enable straightforward movement of funds between asset classes and ISA types—without requiring consumers to open new accounts or navigate the detailed rules of each ISA class.

### Industry

#### Recommendation 2:

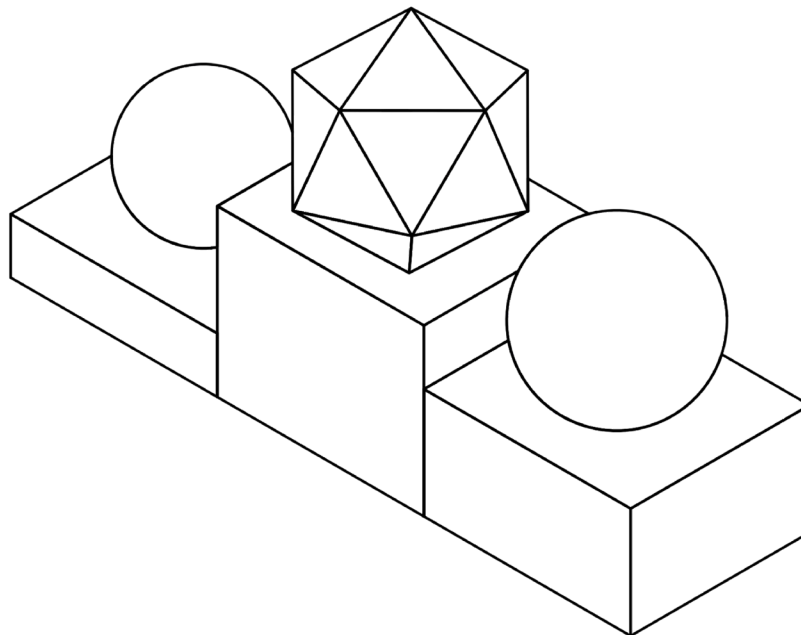
The evidence above also suggests that the public perceive the S&S ISA to be a narrower product, with more limited asset eligibility, than it really is. Alongside the recommendation for policymakers to broaden asset

eligibility, there is a role for industry in educating consumers about the range of permissible asset types within the existing S&S ISA regime. Providers should also strive for clarity and simplicity when it comes to educating consumers on the value of compound interest, with easy-to-understand examples being key.

### Industry

#### Recommendation 3:

ISA providers regularly inform consumers of the maximum annual subscription limit but rarely call attention to the fact that S&S ISAs can be opened with as little as £1. The ISA industry should increase awareness of this wealth creation tool, emphasising the little to no barriers that exist to accessing it.



# Annex: Methodology

Robinhood designed and carried out an online survey of 3,311 respondents, between 24 October and 5 November 2025. The survey was fielded by Yonder Data Solutions. This large sample size allowed for significant exploration of results according to subgroups – both demographically, and according to reason for saving (e.g. for retirement, for a child).

This survey represents the wide UK population except those who say they have no money left after meeting their immediate day-to-day needs, but that if they did they would spend all the remainder of their money. In other words, the survey covers: anyone who has saveable income, or who would choose to save at least something if their income were to increase.

An extra 'boost' sample of parents saving for a child under 16 was surveyed in order to ensure greater statistical confidence in results related to ISA savings for this sub-population. Within overall results, this 'boost' sample is weighted down to the natural incidence of parents saving for a child within the main sample. Data tables are available on request.

To aid in the development of questionnaire content, ten in-depth interviews were conducted in July and August 2025 with a range of different savers (both demographically and in terms of ISA holding and interest).

Secondary data sources used are referenced throughout the report.

# Endnotes

- 1 Censuswide/Charles Stanley, February 2025
- 2 HMRC, Individual Savings Account (ISA) Statistics, September 2025, Table 9.4
- 3 HMT, Pre-Budget Report, November 1998
- 4 HMRC, Individual Savings Account (ISA) Statistics, September 2025
- 5 The Life Insurance ISA was abolished in 2005 (HMRC, Individual Savings Account (ISA) Statistics, June 2020)
- 6 HMRC, Individual Savings Account (ISA) Statistics, September 2025
- 7 Ibid, Table 9.11
- 8 Ibid, Table 9.7
- 9 Ibid, Table 9.4
- 10 Ibid, Table 9.6
- 11 Ibid, Table 9.10
- 12 Survey-based assessments of knowledge levels can sometimes result in 'overclaim' of knowledge. Viewed in this light, the low level of claimed knowledge of the Innovative Finance ISA is even more striking
- 13 HMRC, Individual Savings Account (ISA) Statistics, September 2025, Table 9.4
- 14 House of Commons, Treasury Select Committee, Lifetime Individual Savings Account, Eighth Report of Session 2024–25, June 2025
- 15 See for example, written evidence submitted by MoneySavingExpert.com to Treasury Select Committee call for evidence on the Lifetime ISA, January 2025
- 16 House of Commons, Treasury Select Committee, Lifetime Individual Savings Account, Eighth Report of Session 2024–25, June 2025
- 17 Ibid.
- 18 House of Commons, Treasury Select Committee, press release, 11 September 2025
- 19 Robinhood, Freedom to Invest, June 2025
- 20 FCA, Quarterly consultation, CP25/16, June 2025
- 21 FCA, Financial Lives 2024 Survey, Consumer investments - Selected findings, May 2025
- 22 Ibid.
- 23 FCA, Business Plan 2021/22, July 2021
- 24 FCA, Broadening Access to Financial Advice for Mainstream Investments, November 2022
- 25 Investment Association, press release, 27 March 2025
- 26 As an illustration, the MSCI All Country World Index captures representations across 23 Developed and 24 Emerging Markets. As of January 2026, annualised net return across the preceding five years is 11.95%. When compounding impacts are incorporated, return would be even here.
- 27 Author's calculation, based on data from Morningstar Equity Global Market benchmark
- 28 IFA Magazine, 9 July 2025
- 29 Over the past 120 years, shares outperformed savings 70% of all two-year periods
- 30 <https://www.fca.org.uk/firms/risk-warnings-mainstream-investments>
- 31 The annual allowance is tapered for those with higher incomes – that is an 'adjusted income' over £260,000 and a 'threshold income' over £200,000
- 32 The effective year-four allowance in this example would be £222,000. HMRC, Pensions Tax Manual, PTM055100 - Annual allowance: carry forward: general, December 2025
- 33 Oxera, Stamp duty on shares: analysis of its economic impact and the benefits of its abolition, February 2024
- 34 HMRC, Individual Savings Account (ISA) Statistics, September 2025, Table 9.6



- 35 Investment Association data, cited in Bloomberg, 15 November 2025
- 36 Oxera, Stamp Duty on Shares: Analysis of its Economic Impact and the Benefits of its Abolition, February 2024
- 37 HMRC, Annual Stamp Tax Statistics 2024 to 2025 – Commentary, 11 December 2025
- 38 Based on analysis of subsample (n=709) who are parents to a minor, but not an aunt/uncle or grandparent. Other motivators tested: To build up a 'rainy-day' fund for emergencies (The top motivator); To have more money to live comfortably in the near future (second); Because it feels like a generally sensible thing to do (third equal); To have more money to live off in retirement; To build up a fund for making a big purchase (e.g., a property); To build up enough money in order to retire early; To build up a fund for paying off debts; To have more money to look after older relatives.
- 39 In this analysis we have examined respondents who are exclusively grandparents (but not parents, aunts or uncles) to a minor (n=465 in the whole survey) or exclusively aunts/uncles (n=493), to ensure we are isolating how these particular familial relationships impact planning.
- 40 HMRC, Individual Savings Account (ISA) Statistics, September 2025
- 41 Ibid.
- 42 Ibid.
- 43 HMRC, Individual Savings Account (ISA) Statistics, September 2025, Table 9.4
- 44 An exception to this would be the treatment of a parent's ISA for inheritance tax if left to a child on death.
- 45 HMRC, Individual Savings Account (ISA) Statistics, September 2025, Table 9.4
- 46 HMRC, Annual Stamp Tax Statistics 2024 to 2025 – Commentary, 11 December 2025
- 47 <https://www.fca.org.uk/firms/risk-warnings-mainstream-investments>

