

ISAs - UK - 2022

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This report looks at the following areas:

- The size of the adult ISA market, by subscriptions and funds under management.
- The leading providers of cash ISAs and stocks and shares ISAs.
- Impact of rising inflation on saving and investing activity.
- Behaviours relating to ISA investing, including take-up of ready-made portfolios.
- Appeal of ISAs versus other common savings and investment products.
- Intentions to save and invest in an ISA over the coming year.

29% of adults aged 18+ expect to open a new cash ISA or start saving in one within 12 months. This higher demand will boost cash ISA subscriptions in 2022/23. Additionally, 26% of adults intend to start investing in or open another new stocks and shares ISA. This is equivalent to 14 million people – well above the number of stocks and shares ISAs newly subscribed to in 2020/21 and indicating substantial latent demand.

This renewed interest in ISA saving and growing appetite for ISA investing is happening at a time when rising food and fuel prices are restricting many people's ability to save or invest to the extent they would like. 49% of UK adults expect to draw on their savings or investments in order to help meet higher living costs, while 73% are likely to have less money available to put towards their savings or investments.

Given the threat of lower savings activity overall, cash ISA providers need to grow their share of retail balances by being more price-competitive relative to rival, taxable savings accounts. Investment ISA providers need to tap into the increased interest in investing by more actively promoting their ready-made portfolios and digital investment services.

Rising inflation – though a threat to cash ISA saving – is also an opportunity for providers of stocks and shares ISAs. 35% of adults are set to shift more of their



“Three quarters of UK savers and investors expect to have less money to put towards their savings and investments due to the rising cost of living. Cash ISA providers should take the opportunity to grow their share of retail balances by offering more competitive rates relative to other cash savings.”

– **Sarah Hitchcock,**
Associate Consultant –
Financial Services, July 2022

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savings into investments, as they seek to improve their returns. More people will also be drawn into the higher tax income threshold this tax year, thus boosting the appeal of ISAs.

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