Written evidence submitted by BlackRock

RE: Financial Inclusion Strategy Inquiry

BlackRock[1] is pleased to have the opportunity to respond to the Treasury Select Committee inquiry into the Financial Inclusion Strategy.

BlackRock's purpose is to help more and more people experience financial wellbeing. In 2019, BlackRock launched the Emergency Savings Initiative to help individuals on low and moderate incomes build financial safety nets.

As part of this initiative, in the UK, BlackRock and The BlackRock Foundation have supported Nest Insight's workplace savings programme, which to date has led to eight trials with leading employers. In total, over 150,000 workers across the country have had access to workplace savings programmes over the course of the trials.

We welcome the opportunity to comment on the issues raised by this inquiry and will continue to contribute to the thinking of the Committee on this and other topics.

Yours faithfully,

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Director
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Gavin Lewis
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[1] BlackRock is a leading provider of investment, advisory and risk management solutions, and has been active in the UK for over 50 years.

Introduction

A quarter of UK adults have less than £100 in cash savings. That means an unexpected expense – such as a flat tire, washing machine failure, or a new school uniform – can push them into a precarious financial situation.

In response to this challenge, BlackRock launched our Emergency Savings Initiative in 2019 to help working people build financial safety nets. Since then, we have proudly supported Nest Insight's work on workplace savings by committing over £3 million in philanthropic funding from The BlackRock Foundation and BlackRock's Donor Advised Fund. Nest Insight teams up with industry partners including employers, financial service providers, policymakers and others, to design and launch new savings products aimed at helping financially vulnerable populations.

As part of this initiative, we have supported eight UK workplace savings trials in total, both opt-in and opt-out payroll savings, with the three opt-out trials proving the most effective – significantly boosting savings participation.[2] In each of these trials, employees automatically start saving a default amount each pay period into an instant-access savings pot (unless they choose to opt out). The findings show that the number of people saving increases by around 50 percentage points when compared to an opt-in approach. Employees save persistently and use their accounts actively, accessing their savings when they need them, and then replenishing their savings pots.[3]

Unsurprisingly, Nest Insight's research has resonated widely. The recognition of payroll savings in the Financial Inclusion Strategy is a significant step forward. We also welcome the Financial Conduct Authority's (FCA) statement clarifying the rules on opt-in workplace saving schemes.[4]

However, while we welcome the recognition of opt-in payroll savings within the Financial Inclusion Strategy, more can be done. A clear roadmap towards enabling the scaling of opt-out workplace saving should have been included, and therefore we invite the Committee to encourage HM Treasury to take a more ambitious approach, including enacting the necessary regulatory changes.

The Financial Inclusion Strategy

BlackRock welcomes the Financial Inclusion Strategy and the Government's decision to prioritise financial wellbeing. We were especially pleased to see payroll savings included as a key pillar of the strategy, as well as the recognition of Nest Insight's pioneering research.

We also welcome the establishment of the National Coalition of Employers to further encourage the take-up of payroll savings, which we believe will be a vital forum for employers seeking to implement payroll savings programmes.

We were delighted to see the inclusion of a case study on opt-out payroll saving, which highlights the high participation rates for opt-out models. Where employers in the UK offer workplace savings on a voluntary, opt-in basis, participation is low – usually below 10%.[5] By contrast, in the opt-out research trials, we see that up to 7 in 10 employees saved regularly and persistently, many of them people who had previously been excluded from saving.

With this relative participation rate in mind, and given the level of evidence gathered as part of the opt-out trials, we were disappointed that the strategy did not go beyond opt-in workplace savings models.

In our view, this was a moment for the UK to be a global leader on financial wellbeing and set out next steps for its plan to remove the regulatory barriers to opt-out payroll saving. Therefore, we urge the Government to keep momentum on this important work and hope the necessary regulatory changes will be introduced soon, enabling opt-out programmes to scale and deliver meaningful impact across the financial system.

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[2] For further information see: Emergency Savings Research Library

[3] The three opt-out trials were run with UK employers: SUEZ, Co-Op and Bupa

[4] The work was also referenced by United Nations Secretary-General's Special Advocate for Financial Health, H.M. Queen Máxima of the Netherlands, in her September 2025 Annual Report to the Secretary General

[5] In trials of one opt-in workplace emergency saving scheme, Jars, 46% of employees said the account would help them, yet only 1% actually signed up to save, for further information see: Workplace sidecar saving in action

Policy Design and Effectiveness

Nest Insight has also responded to this inquiry, providing a thorough overview of the effectiveness of opt-out versus opt-in savings models. We endorse and echo the points made in their response.

In addition, based on our experience supporting emergency savings programmes in both the UK and the US, opt-out payroll saving has proven to be the most effective approach, reflecting the importance of behavioural interventions.

In the opt-out trials, the number of people saving compared to an opt-in approach in which people actively sign up to save has increased by around 50 percentage points. That means that at SUEZ UK, participation increased from only 1 in 100 workers saving to 48 in 100 saving. At Co-op and Bupa, participation is even higher with 68 in 100 people saving, up from only 15 in 100 when employees had to sign up to save.[6]

Savings accounts are used actively and persistently, with many participants saving for the first time. Consistent with this, they are very popular with employees.[7] The trials also show that workplace autosaving encourages saving through workplace pension schemes. This makes sense, as our CEO and Chairman, Larry Fink, wrote in a letter to shareholders in 2025, "who is going to invest money for a retirement 30 years away if they don't have cash for today?"[8]

Given all of the points raised above and the breadth of evidence for the effectiveness of these opt-out programmes, there are several large employers who are interested in rolling them out. The principal barrier to wider adoption is not a lack of evidence or employer interest, but the current regulatory framework.

Several regulatory barriers are preventing opt-out approaches from scaling, including: requirements around entering into a contract with the savings account provider; consumer acknowledgements of terms and conditions; Know Your Customer (KYC) processes; and data-sharing.[9]

Addressing concerns around the creation of 'small pots'

We recognise that some stakeholders have raised concerns that opt-out payroll savings could lead to the proliferation of small savings pots in a similar fashion to pensions auto-enrolment. While we understand the caution here, it is important to note that participants in the trials are significantly more engaged with these instant-access savings pots than individuals typically are with their pension savings, which may not be accessible for several decades.

More importantly, this issue can be addressed through policy design. In the Co-op and Bupa trials, when an employee leaves their employer, the savings pot is automatically transferred into the bank account into which they receive their salary. While this approach may result in individuals losing access to a dedicated savings account they have been actively using, if this is viewed as a barrier to legislative action, we believe it can be overcome through proportionate policy solutions.

Taken together, the evidence outlined above demonstrates a clear and compelling case for removing the regulatory barriers to opt-out payroll saving. While we believe this action should have been included in the Financial Inclusion Strategy, the Government still has a clear opportunity to act. With appropriate policy design, these programmes can be scaled in a way that delivers meaningful benefits for consumers, employers and the wider financial system.

Conclusion

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[6] For further information, see: Easier to Save.
[7] Over 93% of employees are supportive, whether they choose to save or not. For further information see: Savings for All
[8] For further information, see: 2025 Chairman's Letter to Investors
[9] For further information see: Opt-out payroll saving - The regulatory considerations

As part of the Inquiry into the Financial Inclusion Strategy, we would ask the Committee to encourage HM Treasury to be more ambitious in regard to payroll saving and meaningfully improve the financial wellbeing of people across the UK.

Actions we would suggest HM Treasury take include:

- Publishing a statement or roadmap for next steps on opt-out payroll savings
- Launching a consultation process for how this policy can be developed
- Removing the regulatory barriers which are preventing opt-out payroll savings from being rolled out more widely. This could be done through primary legislation, when parliamentary time allows, or through secondary legislative action on the specific barrier areas
- Working closely with the Department of Work and Pensions and the Pensions Commission as they consider the utility of payroll savings as part of pension saving

January 2026