THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

CASE
Centre for Analysis of Social Exclusion
Research at LSE

The Ethnic Wealth Divide in the UK: Mapping Disparities Across Time, Age and Immigrant Generations

Eleni Karagiannaki

CASE Report 165

December 2025

Editorial note and Acknowledgements

Eleni Karagiannaki is Assistant Professorial Research Fellow at the Centre for Analysis of Social Exclusion at LSE. This research was funded by The British Academy's Innovation Fellowship Scheme 2023-24 (Fellowship number IF2324\240028). The paper draws on the data from the UK Longitudinal Household Survey Understanding Society. Understanding Society is distributed by the UK Data Service (UKDS) and is Economic and Social Research Council Copyright. The author would like to thank Polly Vizard, Abigail McKnight for their valuable. Any errors or ambiguities are the sole responsibility of the author.

Abstract

This study uses data from the UK Household Longitudinal Survey (*Understanding Society*), to provide evidence on how ethnic wealth gaps have changed since 2012/14, how they evolve with age and whether there is any evidence of progress across immigrant generations. The analysis proceeds in two stages. The first examines how ethnic wealth disparities changed between 2012/14 and 2021/23 and investigates the role of factors shaping the changes ethnic wealth disparities including the role of savings, remittances and income. The analysis of this stage considers both cross-sectional changes in the ethnic wealth gaps and ethnic gaps in short-term wealth accumulation using longitudinal changes in wealth across waves. The findings reveal stark and persistent inequalities in wealth across ethnic groups which widened over time and highlight how initial wealth position determines wealth growth. While demographic and socioeconomic drivers (such as income, employment patterns, remittance behaviour and savings) contribute to disparities in short-term wealth accumulation, they their role in explaining ethnic disparities in overall wealth levels is smaller. The second stage of the study involves an age profile analysis of ethnic wealth gaps and ethnic gaps in wealth determinants disaggregated by UK-born status to examine progress across immigrant generations. Age-profile analysis shows that ethnic wealth gaps widen sharply across the life-course, driven by persistent disadvantages in income, differences savings behaviour, and delayed entry into homeownership. Generational progress in wealth among immigrant generations is evident for some ethnic groups, notably those from the Indian, Asian other and other White ethnic groups, but remains limited for others.

Keywords: ethnicity, inequality, wealth, housing, assets, savings, age profiles, lifecourse. immigrant generations, UK-born

JEL classification : D31 ; D63 ; E21 ; J15 ; Z13

Corresponding author: e.karagiannaki@lse.ac.uk

Centre for Analysis of Social Exclusion

The Centre for Analysis of Social Exclusion (CASE) is a multi-disciplinary research centre based at the London School of Economics and Political Science (LSE), within the Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD). Our focus is on exploration of different dimensions of social disadvantage, particularly from longitudinal and neighbourhood perspectives, and examination of the impact of public policy.

In addition to our discussion paper series (CASEpapers), we produce occasional summaries of our research in CASEbriefs, and reports from various conferences and activities in CASEreports. All these publications are available to download free from our website.

For further information on the work of the Centre, please contact the Centre Manager, Naomi Warren, on:

Telephone: UK+20 7955 6679
Email: n.k.warren@lse.ac.uk
Web site: http://sticerd.lse.ac.uk/case

Contents

Executive summary

This study draws on data from Understanding Society to provide ethnic wealth inequality from a temporal, lifecycle and immigrant generation perspective. The first part of the study analyses temporal changes in ethnic wealth inequality, tracking how disparities between ethnic groups have evolved at the median and across the distribution between 2012/14 and 2021/23. It assesses the role of asset ownership, income, household composition, remittances, and saving behaviour in shaping outcomes, and uses the longitudinal dimension of the survey to explore ethic differences in short-term wealth accumulation, and wealth mobility. The second part adopts an age profile analysis, investigating how ethnic gaps in wealth evolve with age and map age profiles in key wealth determinants — individual and household income, savings probability and ratio, homeownership rates, and the timing of first entry into homeownership – to show how disparities in these dimensions evolve with age. Regression analysis is used to examine the socio-economic characteristics most strongly associated with divergent trajectories in these wealth determinants and discuss their potential impact on ethnic wealth disparities. Separate analysis is undertaken for UK-born and non-UK-born individuals from each ethnic minority groups to examine whether there is any evidence of progress for UK-born. The main findings are summarised below.

Changes in Wealth Disparities Within and Between Ethnic Groups, 2012/14–2021/23.

- **Since 2012/14, median wealth gaps between ethnic groups have widened sharply, with gains concentrated among adults from the White British and Indian ethnic groups.** Median wealth rose substantially for adults in these groups but remained close to zero for those in the Black African, Black Caribbean, and Bangladeshi groups, while adults in the Pakistani ethnic group experienced a marked decline.
- **Wealth gaps across ethnic groups widened not only at the median but across the distribution.** At the bottom of the wealth distribution, all ethnic groups experienced losses — with the exception of the Indian ethnic group — but minority groups saw substantially larger losses than the White British group, reflecting the accumulation of larger debt holdings. While adults in the Pakistani, Bangladeshi, Black Caribbean and Black African ethnic groups registered gains at higher wealth quartiles, these were markedly smaller than those from the White British and other Asian groups. Even in the top quartile, where all ethnic minority groups recorded increases, gains for Pakistani, Bangladeshi, and Black African ethnic groups remained significantly lower than any other groups.
- **Across all ethnic groups, wealth gains were concentrated at the very top, intensifying disparities within groups:** In every ethnic group, wealth increases were disproportionately larger in the higher quartiles — especially at the top — widening within group disparities as those at the bottom fell further behind.

- **Disparities in active savings accumulated over the five-year period between Wave 8 and Wave 13 are more modest than those in term of changes in wealth.** Adults from Pakistani, Bangladeshi, Black Caribbean, and Black African ethnic groups report significantly lower active savings than those from the White British, other Asian, and Indian ethnic groups, with those from the Indian ethnic group recording the highest levels. It is worth noting that more than 50% of adults among the Bangladeshi, Pakistani, and Black African groups saved nothing during this period.
- **Disparities in wealth growth across ethnic groups over the same period far exceed differences in active saving, suggesting that wealth growth was driven largely by asset appreciation:** Differences in active savings between ethnic groups are modest compared to wealth growth over the same period. Thus, wealth growth of the highest wealth growth group exceeds the lowest by a factor of five, while median accumulated active savings are less than double. This indicates that most disparities arise from passive gains through asset appreciation rather than active saving from income.
- **Differences in asset ownership at the start of the period, together with divergent ownership trends over time, contributed to widening disparities between ethnic groups:** In 2012/14, adults in the White British, Indian, and Asian Other groups already had higher rates of home and investment ownership compared to other groups. By 2021/23, these gaps had widened further, as these groups increased ownership while Bangladeshi, Black Caribbean, and Pakistani groups saw sharp declines — particularly in homeownership — amplifying wealth disparities. Because asset price growth characterised much of this period, ethnic groups with stronger ownership positions at the start, and those able to expand ownership, were positioned to benefit disproportionately, while others were left behind.
- **Differences in income, savings behaviour, and remittances between ethnic groups explain the largest share of the ethnic disparities in recent wealth growth but a smaller share of ethnic disparities in overall wealth levels (i.e. the stock of wealth).** Wealth growth gaps across ethnic groups are largely linked to current demographic and economic characteristics, while wealth levels embody the legacy of past inequalities (working both intra and intergenerationally) and the compounding effects of asset returns. This contrast implies that policies to raise incomes, expand saving capacity can narrow short-term accumulation gaps, but entrenched disparities in wealth levels are more deeply rooted and harder to close.

Ethnic differences in short-term wealth mobility

- **Wealth mobility differences between ethnic groups show persistent stratification, with ethnic minority groups facing higher immobility at the bottom, and higher downward mobility at higher wealth quartiles:** Adults in the White British, White Other, and Indian ethnic group had

the highest chances of moving up from the bottom wealth quartile (around 33%), while from the Black Caribbean (17%) and Black African & Other (10%) ethnic groups faced much lower upward mobility. At the same time, adults in the Pakistani and Black African ethnic groups were most vulnerable to falling from the top quartile (approximately 48%), and Black Caribbean, Black African, and Bangladeshi groups experienced greater instability in the middle quartiles. These results underscore entrenched barriers to upward mobility and heightened risks of downward movement across disadvantaged ethnic groups.

Life-Course Patterns of Wealth and Its Determinants: Comparing Differences Across Ethnic Groups

- **Age wealth profiles are similar across all ethnic groups, but accumulation occurs at very different rates:** For all groups, wealth starts low in young adulthood and rises rapidly during the prime working years. However, the scale and rate at which different groups accumulate wealth differ substantially. Thus, while differences are relatively small in early adulthood grow dramatically by midlife. For example, the median wealth gap between adults from Black African and White British ethnic group increases from about £50,000 at ages 25-35 to over £400,000 by ages 55-64.
- **Age income profiles reveal substantial income shortfalls among wealth-disadvantaged groups constraining savings capacity and reinforcing wealth gaps.** Early and mid-adulthood income disadvantage — particularly large among the Pakistani and Bangladeshi ethnic groups — compound long-term wealth disadvantages and align with the widening wealth disparities by midlife.
- **Age saving profiles reveal that lower-wealth ethnic minority groups have consistently lower saving probabilities across the life course, limiting their wealth accumulation.** Higher-wealth groups (White British, White Other, Indian, and Other Asian) maintain higher saving rates at all ages, peaking at around 60%–63% in midlife and remaining relatively stable into older age. By contrast, lower-wealth groups (Pakistani, Bangladeshi, Black African, and Black Caribbean) have saving rates that are 15-20 percentage points lower. Adjusting for differences in socio-economic characteristics narrows the gap, but persistent unexplained shortfalls remain (in midlife these are around of 8–10 percentage points), suggesting structural barriers or other unobserved factors (including for example differences in saving behaviour) continue to limit savings among these groups.
- **Homeownership entry age profiles reveal that ethnic minority groups with lower wealth, enter homeownership not only have a lower probability of entering into homeownership but also enter at a later age, reducing the time to accumulate wealth:** By contrast the White British and

the Indian and Asian other ethnic groups enter homeownership earlier and at higher rates, positioning them to benefit from housing wealth accumulation much earlier. The lower and delayed homeownership entry among individuals from the Black Caribbean, Black African, and Bangladeshi ethnic groups persist even after adjusting for socio-economic differences—highlighting structural barriers to housing access.

Generational Progress: UK-born vs. Non-UK-born

- **Progress in wealth accumulation among most UK-born ethnic minority groups has been minimal relative to their non-UK-born peers for the most wealth disadvantaged groups.** UK-born adults from the Indian, other Asian and White other ethnic groups have a clear wealth advantage over both their non-UK-born peers and the White British group, while gains among UK-born adults from the Pakistani ethnic group are modest and diminish in midlife (and not evident in terms of benefit unit wealth). For UK-born adults from Bangladeshi, Black Caribbean, and Black African ethnic group, progress remains limited.
- **Patterns in income, savings, and homeownership show uneven progress across ethnic minority groups**: Age trajectories reveal that UK-born adults from some ethnic minority groups experience partial improvements compared to their non-UK-born peers, but gains are uneven across the three determinants which shape wealth accumulation. UK-born adults from the Indian ethnic group demonstrate significant progress, with higher incomes, stronger savings propensity and ratios, and earlier homeownership entry, compared to their non-UK born peers reinforcing the wealth advantage of this group. By contrast, UK-born adults from the Pakistani ethnic group although display some income convergence to the income patterns of the White British group in early adulthood by midlife they diverge and move closer to the patterns of their non-UK-born peers. Meanwhile, UK-born adults from the Bangladeshi, Black Caribbean, and Black African ethnic group show minimal generational progress in income.
- **Saving behaviour among UK-born ethnic minority groups shows uneven convergence with the White British.** UK-born individuals of Pakistani, Bangladeshi, and Black African ethnic group display narrower saving probability shortfalls s compared to their non-UK born peers, with gaps further reduced after adjusting for socio-economic characteristics (which implies that progress in savings is constrained by socio-economic factors rather than reflecting differences in preferences and culture). By contrast, UK-born Black Caribbeans show weaker convergence, while UK-born individuals from Indian, White Other, and Other Asian ethnic backgrounds sustain relatively high saving propensities even after adjustment.
- **Homeownership entry shows limited generational progress and, in some cases, even signs of generational regression.** UK-born adults from minority ethnic groups often experience transitions into homeownership that are as low and as delayed — or even more so — than their non-UK-born peers, with this pattern particularly pronounced among the Black Caribbean

group. While adjusting for socio-economic characteristics narrows some of these gaps, the effect is modest and disparities persist. These findings highlight the enduring influence of structural barriers—such as restricted access to financial support, limited intergenerational wealth, and discriminatory mortgage lending practices—in shaping homeownership outcomes for ethnic minority groups. Importantly, these challenges intersect with a wider trend of declining homeownership among younger generations across all ethnic groups, compounding disadvantage for minority groups.

1. Background

Wealth inequality has emerged as a critical dimension of economic disparity in the UK, with campaigning organisations increasingly recognising its role in sustaining long-term disadvantage. Yet, despite growing attention, there remain significant gaps in the evidence base—particularly around the mechanisms that shape ethnic disparities in wealth accumulation. While existing studies have documented stark differences in household net worth across ethnic groups, they have largely relied on cross-sectional data, offering limited insight into how these inequalities evolve over time or across the life-course.

This report addresses that gap by employing both cross-sectional and longitudinal approaches to analyse the dynamics of ethnic wealth disparities, drawing on data from the UK Household Longitudinal Study (Understanding Society) — the largest nationally representative household survey in the UK. The analysis is structured around two key dimensions: temporal change and changes across the life-course.

The first part of the report examines temporal changes in ethnic wealth inequalities using three waves of Understanding Society that include wealth data: Wave 4 (2012/14), Wave 8 (2016/18), and Wave 13 (2021/23). It investigates how disparities between ethnic groups have shifted over time, both at the median and across the distribution, and assesses the contribution of asset ownership patterns and socio-economic characteristics to these changes including the role of income, household composition, remittances, and saving behaviour. Beyond the cross-sectional analysis, this section exploits the longitudinal dimension of the data to explore ethnic differences in short-term wealth accumulation and to investigate the role of a range of factors (including income, savings and remittances) in driving ethnic differences in wealth accumulation. The final section shifts the focus from absolute changes in wealth to relative rank mobility, examining movements across wealth quartiles between 2016/18 and 2021/23.

The second part of the report adopts a life-course approach to analysing ethnic differences in wealth accumulation. It begins by mapping age profiles of wealth and then examines four key wealth-relevant factors: individual income, household income, savings probability, saving ratio, homeownership rates, and the timing of first entry into homeownership. By tracing both the timing and magnitude of disparities in each factor, the analysis attempts to unpack the mechanisms through which wealth gaps emerge and compound over time, highlighting stages where policy interventions are most likely to reduce long-run inequalities. Where data permit, differences between immigrant generations are also considered by examining patterns for UK-born and non-UK-born members of different ethnic groups, to assess the extent to which generational progress in wealth accumulation and wealth determinants is being achieved. Logistic and linear regression models are

employed to identify the demographic and socio-economic characteristics most strongly associated with ethnic differences in these age patterns. Overall, the analysis of this part of the report provides insights of the mechanisms that enable or constrain wealth accumulation among ethnic minority groups and of life-course stages where disparities in wealth widen most sharply.

The paper is organised as follows: Section 2 describes the data source and construction of wealth measures, including financial, housing, and net worth indicators. Section 3 examines trends and drivers of ethnic wealth disparities over time, incorporating both cross-sectional and longitudinal analyses. Section 4 explores wealth mobility, while Section 5 adopts a life-course perspective to analyse age profiles of ethnic wealth gaps and its determinants — income, savings, and homeownership — alongside generational differences. The final section concludes with a discussion of the findings.

2. Data and Wealth Measures

The main source of data used in this study is *Understanding Society*: The UK Household Longitudinal Study (Understanding Society, n.d.), which since (2009/11), provides rich longitudinal information on the social and economic circumstances of people living in the UK. Data collection for each wave takes place over a 24-month period and the first wave occurred between January 2009 and January 2011.[1] At the time of writing this paper waves 1-13 of the survey are available.

A major advantage of *Understanding Society* in the context of this study is that it includes ethnic minority boost samples, enabling separate analysis of wealth holdings across different ethnic minority and migrant groups. The initial Ethnic Minority Boost (EMB) sample comprises over 4,000 households. In Wave 6, a further Immigrant and Ethnic Minority Boost (IEMB) sample of approximately 3,000 households was added to refresh the EMB sample. This extension aimed to increase representation from five key ethnic minority groups: Indian, Pakistani, Bangladeshi, Caribbean, and African (McFall et al., 2020).

Together with the minority booster sample which enable more detailed analysis of ethnic disparities than any other household surveys, *Understanding Society* collects data on household wealth - covering financial and housing assets and debts – as well as on remittances and saving behaviour (including the amounts saved regularly) and wide a range socio-economic characteristics that are important determinants of household wealth accumulation. Data on assets, and debts were first collected through a dedicated wealth module in Wave 4 and have since been gathered on a 4 to 5

[1] Although the years of adjoining waves overlap, respondents are interviewed around the same time each year and thus the data represent annual information.

years rotating basis. As a result, financial assets and debts holdings data are currently available for Waves 4 (2012/14), 8 (2016/18) and 13 (2021/23). In addition to financial assets and debts the survey collects information on housing assets and liabilities that households hold in every wave ensuring continuous coverage of housing wealth data.

2.1. Financial Wealth

As part of the wealth modules, individuals were asked whether they held assets falling in any of the three following broad asset categories i.e., savings, investments and debt. The savings category covers interest-bearing deposit accounts and, in Wave 13, also includes current accounts[2]; the investments category captures holdings such as stocks, bonds, pensions and other financial investment[3]; and under the debt category the survey records liabilities on a wide range of products including loans, overdrafts and amounts outstanding on mail orders and credit card debt[4]. For each broad asset types, information is recorded on whether different types of assets are held and the total amount held. In the case of credit card debt, respondents are asked to report the outstanding balance across their credit cards.

For the savings and debt categories (including credit card debt), questions are asked at the individual level and then each individual is asked if any savings or debts are held jointly with another person (and if so to identify the household member with whom the savings or debt are held jointly). Respondents who report sole and joint wealth holdings are asked to specify the amount of their sole wealth holdings They also provide the total value of their combined holdings, allowing joint wealth to be inferred by subtracting the reported sole amount from the total. For investments, questions are asked at household level and are answered by the household respondent who is also asked whether any investments are held jointly with someone else outside the household and to indicate the amount that is held by household members.

Respondents who indicate that they have assets in any of the asset categories are asked for the exact amount of their wealth holdings for each category, while those who either do not know or

---

2 More specifically information is recorded for the following savings accounts: Savings or deposit accounts (with a bank, post office or building society); National Savings; ISA - cash only; ISA - stocks and shares, or PEPs; Premium Bonds and Other types of savings accounts

3 National Savings Certificates / National Savings Bonds (Capital, Income or Deposit); Unit Trusts Investment Trusts (excluding ISAs/PEPs); Company stocks or shares, UK or foreign (excluding ISAs/PEPs); and Other investments (e.g. gilts, government or company bonds or securities, stock options)

4 More specifically debt products recorded by *Understanding Society* include the following: Hire purchase agreements; Personal loans from a bank; Catalogue or mail order; DWP/SSA Social Fund loan; Any other loans from private individual; Overdraft; Student loans; Credit card debt. The amount recorded for credit card debt includes amount outstanding on credit cards (for respondents who report that are paying less than the full amount every month on their credit card.

refuse to give an answer, are routed to a series of questions that attempt to put bounds on their asset holdings. To address missing and banded values in wealth a conditional hot deck imputation is employed. The imputation is undertaken at the benefit unit level (defined here as a single adult or married or cohabiting couple and any dependent children)[5] given that wealth is often jointly held among members of the same unit. This imputation procedure is used to impute values separately for each financial wealth component (savings, investments, debt).

Based on both imputed and non-imputed data on saving, investments and debts, two measures of financial wealth are constructed: benefit unit-level financial wealth and household-level financial wealth. The benefit unit-level measure captures the financial assets held by individuals within the same benefit unit (i.e. assuming that all members have an equal command of the wealth that is held by individuals in the benefit unit). In contrast, the household-level measure aggregates the financial wealth of all members in the household (across all benefits units), providing a comprehensive measure of the financial resources owned by all members in the household. This measure assumes that all household members have an equal command of total financial assets and liabilities.

2.2. Housing Wealth

Unlike financial wealth data, which are recorded every four to five years, housing wealth is recorded in every wave. The survey captures a range of information related to the main property owned by the household, including its estimated current market value (based on value that the household respondents expect to get if they sold it), the original purchase price, year of purchase, initial mortgage amount, any additional mortgages taken out, years remaining on the original mortgage, the most recent mortgage payment, and the total amount of outstanding mortgages or loans. Note that while the amount of outstanding mortgage debt is recorded in wave 1 and in each wave from wave 6 onwards for every household owning their house with mortgage, in waves 2 to 5 this information was recorded only for new house purchases.

The measure of net housing wealth used in this paper is defined as the value of the main property

[5] The benefit unit rather than the individual is used as the analytical unit, primarily because joint wealth is most often held among members within the same benefit unit (nuclear family). Additionally, using the benefit unit helps address inconsistencies in reporting joint wealth. In cases where two adults within a benefit unit provide conflicting responses about their jointly held assets, a range is established by calculating the minimum and maximum plausible values based on both responses. An imputed value is then assigned using a similar approach applied to households that report banded wealth amounts. For benefit units with missing wealth data, asset values for each asset type are imputed by randomly assigning values from observations with similar characteristics. These characteristics include the age and employment status of the head of the benefit unit, whether the head or their partner has completed higher education, and—where applicable—the wealth range indicated by the banded responses.

owned by the households (based on value that the household respondents expect to get if they sold it), net of any outstanding mortgages or loans on these assets. This measure excludes other properties or land that may be owned by the household. [6] [7]

As with financial wealth, two concepts of housing wealth are constructed: household-level and benefit unit-level. The household-level measure assigns the full value of (net) housing wealth to all household members. In contrast, the benefit unit-level measure allocates housing wealth only to members of the benefit unit that includes the property owner (if owners belong to more than one benefit unit the household wealth is split equally among them). This distinction enables more precise analysis of wealth distribution by focusing on the resources available to benefit units rather than to the household as a whole.

2.3. Net Worth

The measure of **net worth** used in this paper is defined as the sum of net financial wealth and net housing wealth. As with the two wealth components (financial and housing wealth), two concepts of net worth are constructed:

1) household-level net worth
2) benefit unit-level net worth.

The household-level measure assigns the total value of net worth to all individuals within the household, while the benefit unit-level measure allocates net worth only to members of the benefit unit that includes the owner of the relevant assets.

2.4. Ethnicity Identification and Sample Sizes

The sample used to analyse patterns of ethnic wealth inequality is restricted to individuals aged 18 or older with non-missing information on wealth. Ethnicity identification is at the individual level and based on the categories available in *Understanding Society*. Despite the large ethnic minority sample included in *Understanding Society*, the fact that wealth is characterized by a high degree of dispersion means that sample sizes for some ethnic groups is too small to derive reliable estimates of their wealth holdings especially at the tails of the distribution. Ethnic groups with small sample size are

---

6 Although data on the value of other properties and associated debts have been collected from Wave 13 onwards, they are not included in the measure of wealth used in this paper to maintain consistency across waves, as such information is not available in earlier waves.

7 Because data on outstanding mortgage or loan amounts were not collected in Waves 2 to 5 for existing homeowners, these values had to be imputed based on information on outstanding mortgage debt from wave 1 along with information about the remaining years of the mortgage, the amount of monthly mortgage payments and the years left to pay-off the mortgage. For those who become homeowners between waves I use information about the original amount of the mortgage, the remaining years left on the mortgage along with information about the amount of the last monthly mortgage payment.

therefore grouped together to minimize this problem. The resulting eight ethnic categories used in the analysis along with their sample sizes in each wave are shown in Table 1.

Table 1: Ethnic groups and sample sizes (individuals 18 and older)

	Wave 4	**Wave 8**	**Wave 13**
White British *(including English, Scottish, Welsh, or Irish)*	30,822	27,168	20,134
Other White	1,722	1,866	1,130
Indian	999	1,459	867
Pakistani	848	1,296	727
Bangladeshi	562	691	400
Other Asian *(including Chinese and any other Asian or British Asian)*	521	531	279
Black Caribbean	595	691	405
Black African *(including Black African & any other Black or Black British)*	686	870	391
Other *(including Mixed ethnicity, Gypsy & Travellers, Arabs, other)*	813	932	620

Note: Author's analysis of Understanding Society waves 4 (2012/14), wave 8 (2016/18) and wave 13 (2021/23). Unweighted data.

3. Trends and Drivers of Ethnic Wealth Disparities in the UK

3.1. Ethnic disparities in wealth over time

This section begins by examining cross-sectional changes in wealth levels among ethnic minority groups in the UK relative to the White British groups, using data from Waves 4, 8, and 13 of Understanding Society, which cover the period 2012/14–2021/23. As outlined in Section 2, two measures of wealth are analysed: total household wealth and total benefit unit wealth to assess the robustness of the findings to the chosen measure and better understanding the role of differences in household living arrangements (higher prevalence of multi-family households) among certain ethnic minority groups. The analysis is conducted for the full sample of each ethnic minority group, incorporating both UK-born and non-UK born individuals. While focusing on UK-born individuals would allow a more precise assessment of wealth disparities between ethnic groups, unconfounded by the effect of recent immigration status, such comparisons would be affected by differences in the age composition, since UK-born members of ethnic minority groups would be younger than their White British counterparts. To address this issue, subsequent sections of the report analyse age profiles in wealth across ethnic groups, separately for the UK-born and non-UK-born sub-samples.

Figure 1 shows the levels of median household wealth at each wave (chart a), alongside the corresponding change in each period (chart b) and the gaps in median wealth of each ethnic group relative to the White British group (chart c). The overall picture that emerges is one of uneven progress and widening disparities: ethnic groups starting with higher median wealth have pulled further ahead while groups beginning with lower median wealth have fallen behind. The Pakistani

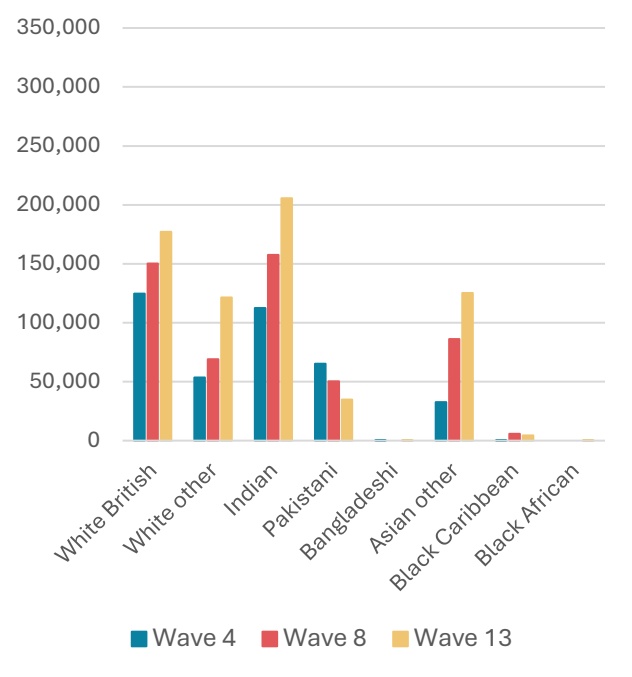
ethnic group represents the only exception: despite beginning with relatively high median wealth in 2012/14 their holdings declined substantially by over £30,000 (falling from £65,000 in Wave 4 to £35,000 in Wave 13). In contrast, the Black African, Black Caribbean, and Bangladeshi ethnic groups showed almost no change, with median wealth remaining at or near zero in all waves. Meanwhile, the Indian, White British, Asian Other, and White Other ethnic groups experienced steady increases over the period. The largest gains were experienced by the Indian and Asian Other groups, with median wealth rising for both groups by over £93,000 (from £113,000 to £206,000 for the Indian group and from £33,000 to £125,000 for the Asian Other group). The White Other group's median wealth increased by approximately £68,000, while the White British group saw a rise of £52,000 (from £125,000 to £177,000). In terms of timing, most these increases occurred during the latter half of the period, between 2016/18 and 2021/23.

The changes outlined above contributed to a significant widening of disparities in wealth across ethnic groups. The median gap in wealth between the White British group and the Black African, Black Caribbean, and Bangladeshi groups grew by approximately £50,000, reaching around £175,000 in 2021/23 (Wave 13), up from just under £125,000 in 2012/14 (Wave 4). Similarly, the wealth gap between the Pakistani and the White British groups widened by over £83,000, reaching £142,000 in 2021/23, compared to £59,500 in 2012/14.[8]

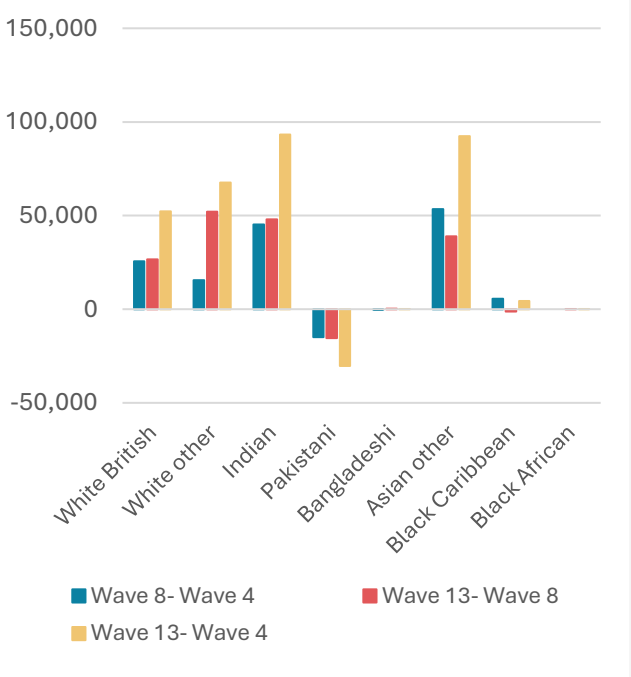
[8] A similar pattern emerges in terms of mean household wealth (see Appendix Figure A1) albeit changes were larger for all groups. The Asian Other group experienced the largest increase in mean wealth, rising by £111,451 from £184,360 in Wave 4 to £295,811 in Wave 13. The Indian and the White British groups followed with a gain of £104,921 and £81,349 respectively. In terms of timings, for both the White British and the Indian groups, most gains occurred between Waves 4 and 8, whereas for the other Asian group between Waves 8 and 13. In contrast to the stagnant or near-zero increase in median wealth, the Bangladeshi and Black African ethnic groups showed modest increases in mean wealth (rising by £9,522 and £25,614 respectively). For Pakistani ethnic group, mean wealth declined slightly from £104,978 to £103,323, (again a smaller drop than that observed at the median).

Figure 1: Change in median household net worth net worth by ethnicity, 2012/14-2021/23

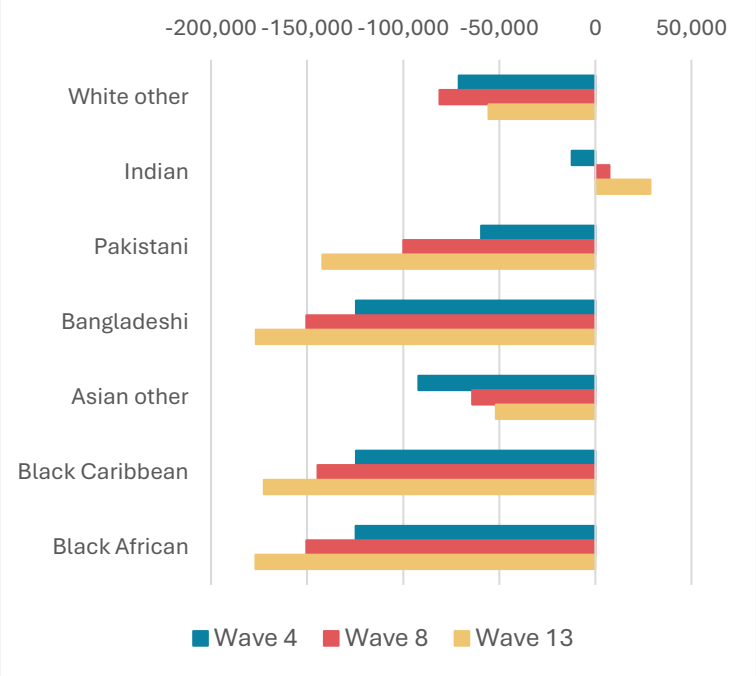
(a) Median household wealth by wave



(b) Change in median household wealth



(b) **Ethnic wealth gap in median household wealth by wave**

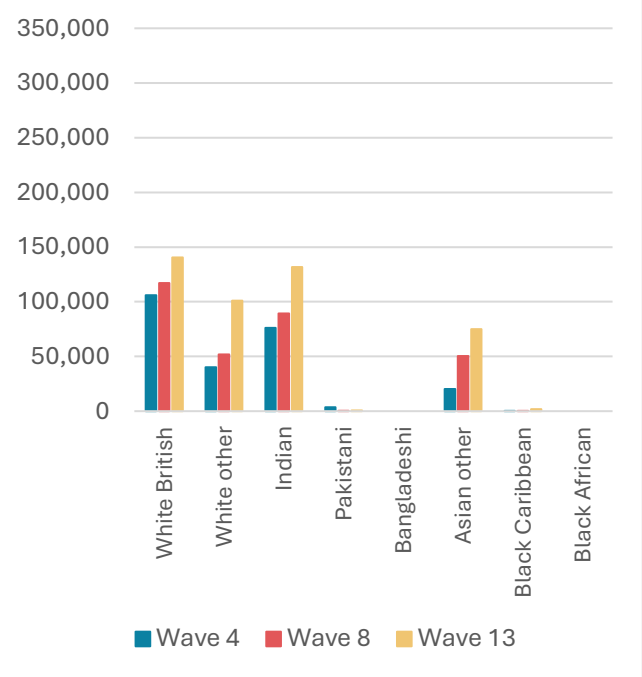


Note: All values are expressed in average 2020 prices using the CPI. Data are weighted using Understanding Society cross-sectional weights. Source: Author's analysis of Understanding Society.

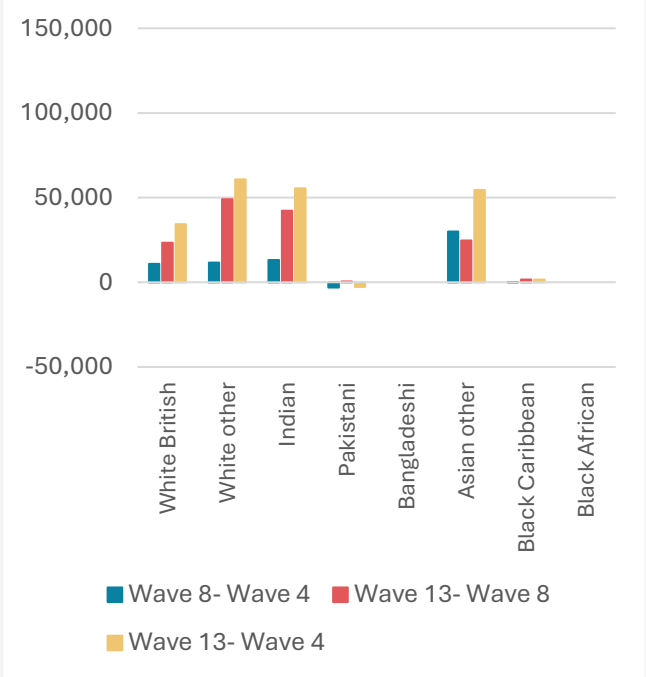
Figure 2 presents patterns of change in terms of benefit unit wealth. As noted above, because many ethnic minority groups are more likely to live in multi-family households it is important to examine ethnic disparities in wealth using this narrower concept of wealth. As described in Section 2, benefit unit wealth is constructed by summing the wealth holdings of household members within the nuclear benefit unit rather than all household members as in the household wealth measure. This distinction matters because multi-family living arrangements can mask disparities when wealth is aggregated at the household level. The analysis of benefit unit wealth, therefore, is important for assessing whether the patterns observed in terms of the household level measure persist, strengthen or weaken when focusing on this narrower measure that reflects only the wealth holdings of the nuclear family unit. Figure 2 reveals trends that both mirror and diverge from those seen in household wealth. The first notable observation is that benefit unit wealth is consistently lower than household wealth across all ethnic groups. This is more pronounced among ethnic minority groups than among the White British group, reflecting the greater prevalence of multi-family living arrangements in these groups. Consequently, benefit unit wealth may offer a more realistic representation of the wealth resources of individuals from ethnic minority groups.

Figure 2: Change in median benefit unit net worth by ethnicity

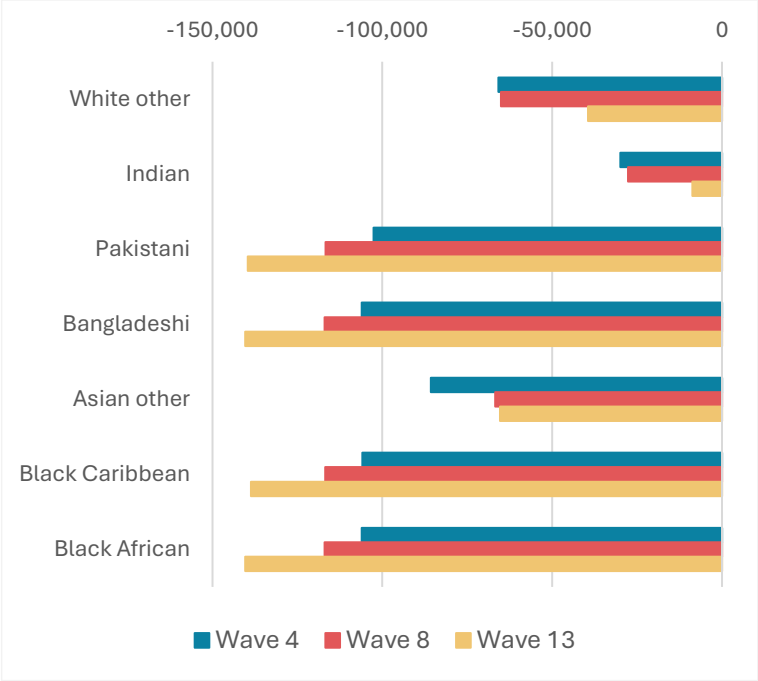
(a) Median benefit unit wealth by wave



(b) Change in median net benefit unit wealth



(c) **Ethnic gap in median benefit unit wealth by wave**



Note: All values are expressed in average 2020 prices using the CPI. Data are weighted using Understanding Society cross-sectional weights. Source: Author's analysis of Understanding Society.

Indian and other Asian groups also saw strong growth across both measures, with household wealth rising by £93,000 versus £55,000 for benefit unit wealth. For the White Other group, the gap between the two measures was smaller: household wealth grew by nearly £70,000, while benefit unit wealth increased by £60,000. By comparison for the White British group, median benefit unit wealth rose by £34,000, compared to a £53,000 increase in household wealth. In contrast, the Pakistani group experienced declines in both measures, with household wealth falling by £31,000 and benefit unit wealth dropping from £3,506 to just £779—a reduction of £2,500. For Bangladeshi, Black Caribbean, and Black African groups, wealth remained extremely low throughout the period under both measures, resulting in minimal differences between changes, reflecting a broader lack of wealth within these groups.

Observed differences in both the level and the change between household and benefit unit wealth underscore the importance of examining both measures when analysing ethnic wealth disparities. For low-wealth groups, co-residence often serves as a constrained choice made as a strategy for resource pooling and mitigating financial pressures. Thus, exclusive reliance on household-level measures risks overstating economic security by concealing intra-household inequalities. Given the higher prevalence of multi-family living arrangements among ethnic minority groups, analysis at the benefit unit level is essential for a comprehensive understanding of ethnic wealth inequality since household aggregation can obscure substantial disparities within families and misrepresent the extent of access to wealth among household members. However, the patterns described above make clear that wealth pooling is primarily relevant for more advantaged ethnic groups; with the exception of the Pakistani group, the most disadvantaged ethnic minority groups have very limited wealth to pool, as both household and benefit unit wealth remain low.

3.2. Change in ethnic wealth disparities by wealth quartile

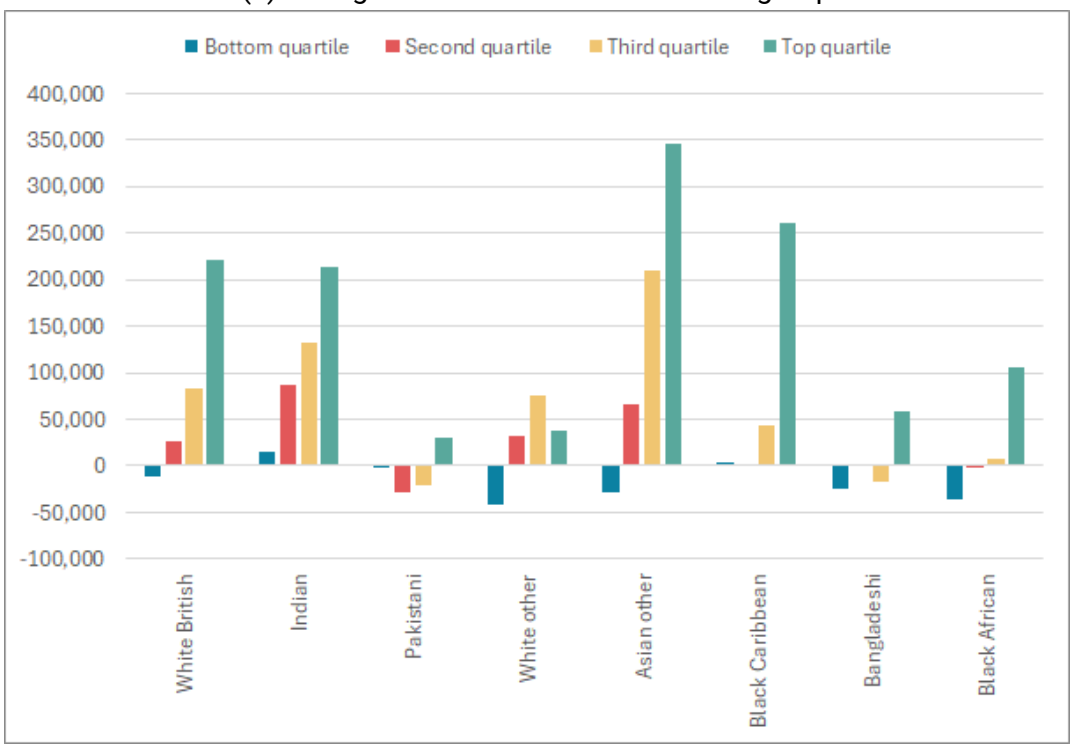
This section moves beyond the median to explore how disparities in wealth between ethnic groups changed across the distribution. To do so, each group's wealth in each wave is divided into quartiles, and mean wealth is estimated for each quantile and ethnic group. This approach enables a comparison of the change in wealth not only between ethnic groups, but also within them (i.e. how wealth changed for both the least and most well-off members of each group and across ethnic groups). Figure 3 presents the change in the wealth (chart a) and the change in gaps of each ethnic minority groups relative to the White British group (chart b). In the bottom quartile, nearly all ethnic groups experienced declines in wealth, with losses generally more severe for ethnic minority groups than for the White British group, whose wealth fell by approximately £12,000. The steepest declines were among the White Other (−£41,000) and Black African (−£36,000) groups, followed by the Asian Other (−£29,000) and the Bangladeshi (−£24,000) groups. The Indian group stands out as the only

minority group to register a gain at the bottom, with an increase of approximately £14,988. In the second and third quartiles, wealth gains begin to emerge but only for some groups. The White British group saw increases of £26,000 in the second quartile and of £84,000 in the third quartile. The Indian and Asian Other groups outpaced these gains, recording even larger increases and surpassing the White British at both quartiles. In contrast the Pakistani ethnic group experienced sharp declines in both quartiles (−£28,000 and −£22,000 respectively), while the Bangladeshi and Black African ethnic groups saw minimal or negative changes. The picture at the top quartile also reveals widening disparities. The groups experiencing the largest gains are the Asian Other (£346,00) and the Black Caribbean (£260,000) followed by the White British (£220,446) and the Indian (£212,883). In contrast, the Black African (£105,517) and the Bangladeshi and (£58,664) groups saw substantially smaller increases — less than half the gain of the White British group for the Black African, and less than one-third for the Bangladeshi group. This underscores that even at the upper end of the wealth distribution, ethnic minority groups gain significantly less than White British and other comparatively advantaged groups, highlighting persistent inequality in wealth accumulation.

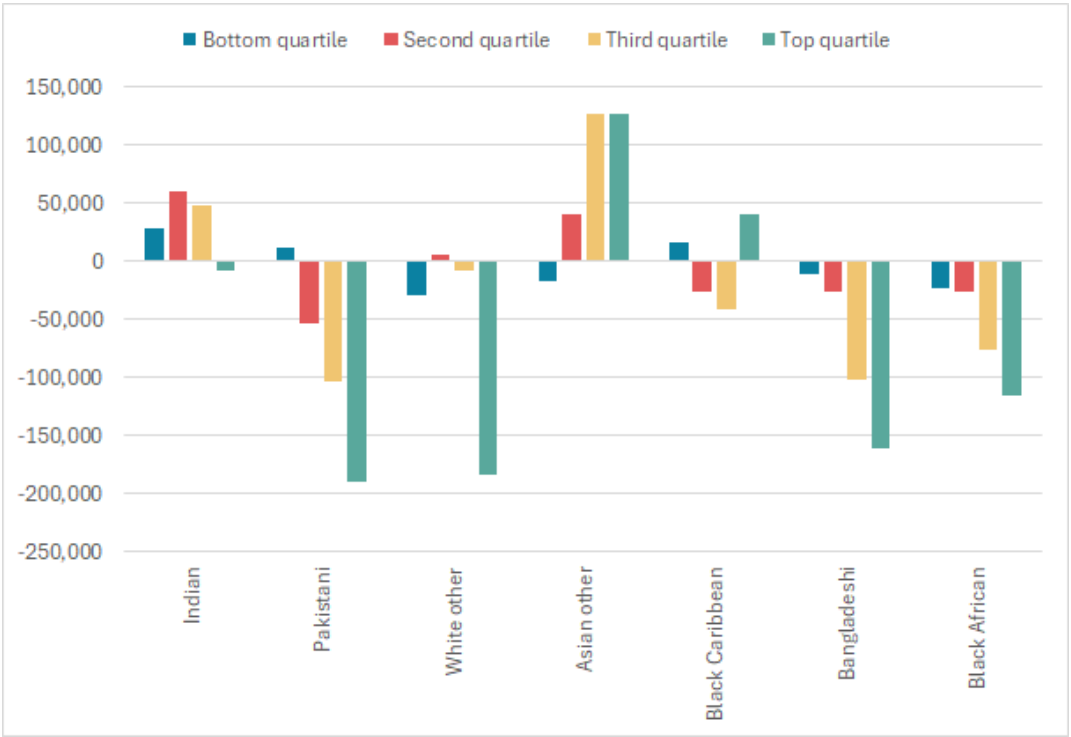
Beyond between-group disparities, the figure also reveals widening within ethnic groups. Across all ethnic groups, individuals in the lowest wealth quartiles experienced losses or only minimal gains, while those in higher quartiles saw progressively larger gains. These within-group disparities in absolute levels of wealth were more pronounced among wealthier ethnic groups. This concentration of wealth gains among the wealthier underscores how recent trends have amplified within-group disparities, leaving low-wealth individuals across all ethnicities further behind.

Figure 3: Change in the household net worth across ethnic groups by wealth quartile between 2012/14 and 2021/23 (waves 4 and 13)

(a) Change in net wealth of each ethnic group



(b) Change in the gap of each ethnic minority group relative the White British



Note: All values are expressed in average 2020 prices using the CPI. Data are weighted using Understanding Society cross-sectional weights. *Source:* Author's analysis of Understanding Society.

3.3. Longitudinal assessment of ethnic differences in wealth accumulation

The previous section explored cross-sectional differences in wealth across ethnic groups by comparing levels of wealth across three survey waves. This section adopts a longitudinal approach, tracking changes in individual's benefit unit net worth between two survey years ($W_{i,t} - W_{i,t-1}$). To maximise sample size, the analysis focuses on changes in wealth that occurred between wave 8 and wave 13.[9] The difference in wealth between two years can be thought as capturing both active savings (income not spent on consumption) and passive savings (resulting from appreciation or depreciation of assets already owned by the household).

Table 2: Growth in benefit unit wealth between wave 8 and wave 13

	Mean change		**Median change**	
	Mean change in wealth: Waves 8-13	Mean active savings: Waves 8-13	Median change in wealth: Wave 8-13	Median active savings: Wave 8-13
White British	48,095	13,317	9,404	3,154
White Other	38,005	16,110	7,061	5,359
Indian	36,254	13,718	11,746	2,922
Pakistani	19,720	5,990	735	0
Bangladeshi	33,396	7,014	1,314	0
Black Caribbean	25,037	6,543	1,786	1,340
Black African & Black other	8,208	6,680	487	0

Note: Own analysis of Understanding Society. All figures are expressed in average 2020 prices using the CPI. Active saving is estimated using respondents' direct reports to the questions that were asked in Waves 2, 4, 6, 8, 10, and 13 about the approximate amount they manage to save each month. To calculate the total amount of active savings accumulated by each individual in the household between Waves 8 and 13, savings are averaged across waves 8, 10 and 13, multiplied converted into annual amounts multiplied by 12 (average monthly amount × 12). Estimates of the individual total saving amount over this period were derived by multiplying average annual savings by 5. Data are weighted using derived weights. Active benefit unit-level savings are derived by summing up individual active saving amounts of all household members.

Table 2 present estimate the mean and median benefit unit wealth growth for each ethnic group alongside median active savings accumulated during this period, derived based on respondents' self-reported monthly savings (see note in Table 2 for calculation details). The difference between

[9] The analysis focuses on the second half of the period, as booster samples were introduced in Wave 6 and are therefore only observed in subsequent waves. Restricting the sample to individuals observed in both Waves 4 and 8 would result in a substantial reduction in sample size.

total wealth growth and accumulated active savings can be thought as capturing the passive savings i.e. the increase in wealth due to asset and savings appreciation/depreciation.

Two key findings emerge. First wealth growth patterns align with cross-sectional results: Pakistani, Bangladeshi, Black African, and Black Caribbean groups accumulated less wealth than the White British group, while the Indian ethnic group recorded slightly higher growth. Second, disparities in active savings are comparatively more modest, indicating that most variation in overall wealth accumulation is driven by passive savings (i.e. changes in asset values such as housing and financial investments). Notably, median active savings were zero for the Bangladeshi, Pakistani, and Black African groups, indicating that at least half of people in these groups saved nothing during the period.

Overall, these patterns underscore that while overall wealth levels differ sharply across ethnic groups, active saving differences are much more modest, suggesting that disparities in wealth growth are driven primarily by passive accumulation rather than differences in active savings.

4. Determinants of Change in the Ethnic Wealth Gap

The results in the previous section highlighted widening wealth disparities between ethnic groups. This section investigates the factors behind these disparities by analysing: (i) differences and changes in asset and debt ownership across ethnic groups over time (Section 4.1), (ii) the contribution of housing and financial wealth to overall wealth changes in net worth among different ethnic groups between 2012/14 and 2021/23 (Section 4.2) and (iii) the role of socio-economic characteristics in shaping changes in ethnic wealth disparities (Section 4.3).

4.1. Asset ownership and its changes over time

Differences in assets and debt ownership are central to understanding the ethnic wealth gap. As shown in Figure 4 (which shows asset and debt ownership rates, measured at both the household level and the benefit unit level), in 2012/14, the White British group exhibited the highest ownership rates across all three asset categories — savings, investments, and housing — followed closely by the White other, Indian and Asian other groups. Trends in ownership of savings accounts increased across all groups. However, part of this rise can be attributed to a change in the survey definition, which began to include current accounts within the broader savings category. This change likely overstated earlier disparities for the Black African, Bangladeshi, and Pakistani ethnic groups. Trends in investment and housing ownership show that some groups have moved closer together, while others have fallen further behind. White Other, Asian Other, and Indian ethnic groups — who already had relatively high ownership rates — saw substantial increases in both investment accounts and homeownership. By 2021/23, the homeownership rate of the Indian ethnic group had overtaken that of the White British group when measured at the household level and had nearly reached parity at the benefit unit level. Investment account ownership among the White Other and Asian Other ethnic groups also grew more rapidly than in the White British group, narrowing initial gaps. In contrast, the Bangladeshi, Black Caribbean, and Pakistani ethnic groups experienced marked declines in housing, diverging from the upward trends observed for the other ethnic minority groups. These declines were substantial: homeownership rates fell sharply from their 2012/14 levels, dropping to 56% in the Pakistani ethnic group (down from 70%), 36% in the Bangladeshi group (down from 42%), and 38% in the Black Caribbean group (down from 40%), with similar reductions observed at the benefit unit level. Investment account ownership for these groups also declined (albeit to a smaller degree), remained stagnant or increased by less, diverging from the patterns of the more wealth advantaged ethnic groups.

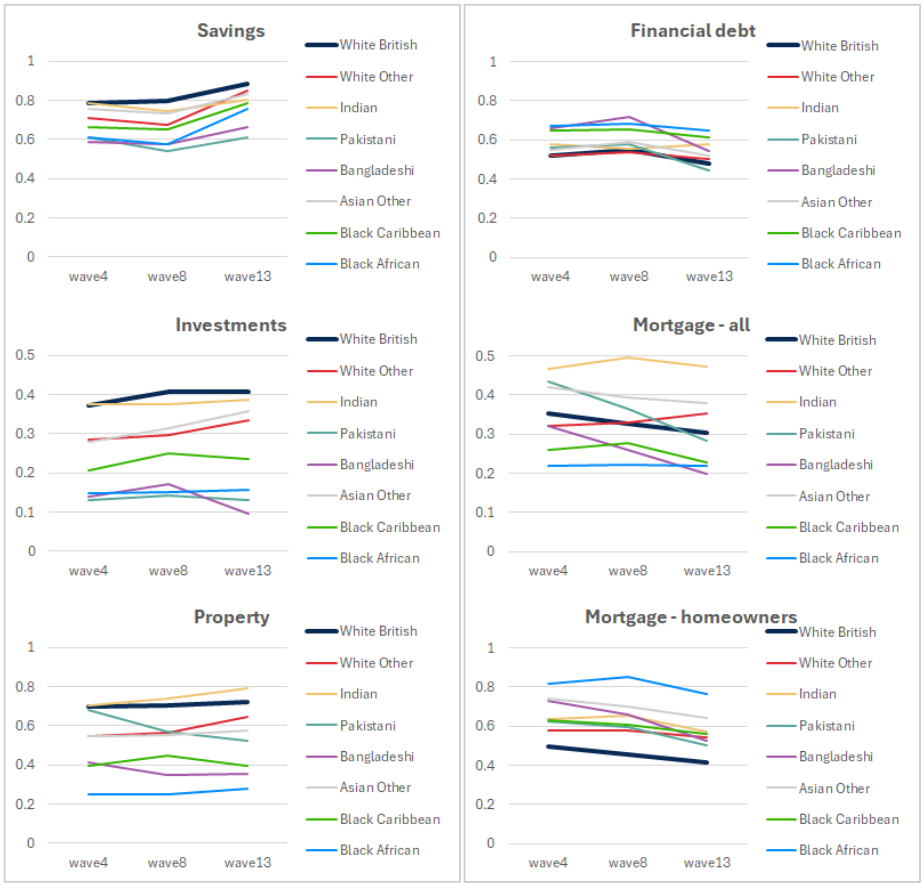
On the debt, it can be observed that ownership of financial debt declined across most groups, though ethnic minority groups continued to exhibit substantially higher rates. Mortgage debt ownership also declined, both overall and among homeowners, with the fall particularly pronounced among ethnic

minority groups, likely reflecting that growing barriers to homeownership through mortgage financing especially affect ethnic minority groups.

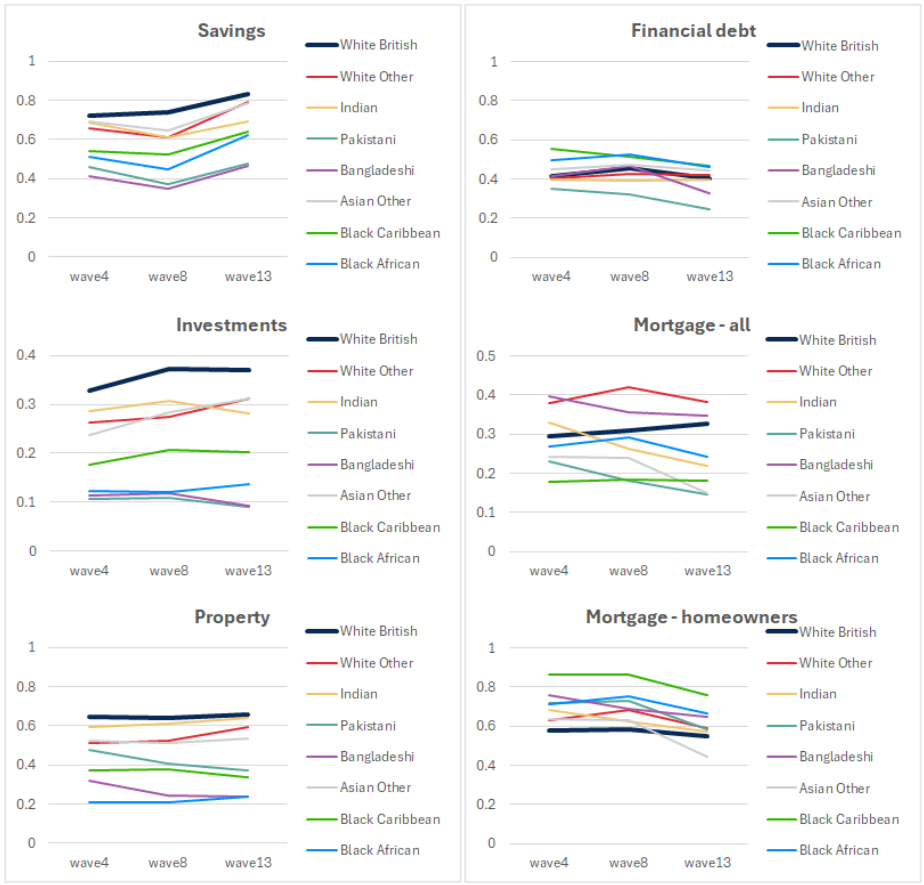
Taken together, the evidence highlights the persistence and, in some cases, intensification of ethnic disparities in asset ownership. Groups that already had higher ownership of housing and investment assets — White British, Indian, and Asian Other individuals — saw these rates increase further over time. By contrast, individuals from Bangladeshi, Black Caribbean, and Pakistani ethnic groups experienced declines in these high-return assets, widening disparities between groups. Although debt ownership has generally declined across all groups, individuals in wealth poor ethnic minority groups — such as Bangladeshi, Black Caribbean, and Pakistani — continue to hold debt at a higher rate, indicating that financial liabilities remain a significant factor shaping wealth outcomes across ethnic groups.

Figure 4: Major asset ownership in waves 4, 8 and 13 by ethnic group

(d) Household level



(b) Benefit unit level



Note: See section 2 for details of products included in savings and investment asset categories. Data are weighted using Understanding Society cross-sectional weights. *Source:* Author's analysis of Understanding Society.

4.2. The contribution of housing and financial wealth to overall change in wealth

As previous research has documented, the period 2012/14 to 2021/23 was dominated by a sustained boom in housing and equity values under historically low interest rates (Broome et al., 2023). These developments generated large passive gains, which largely benefited existing asset owners and older, higher-income households (Broome et al., 2023; Broome & Kanabar, 2025). Towards the end of the period, a sharp reversal began as monetary policy tightened and the costs-living pressures intensified with large effects on household wealth. Because most of the time window covered by the data used in this study preceded the cost-of-living crisis, these latter effects would affect only a subsample on the wave 13 respondents.

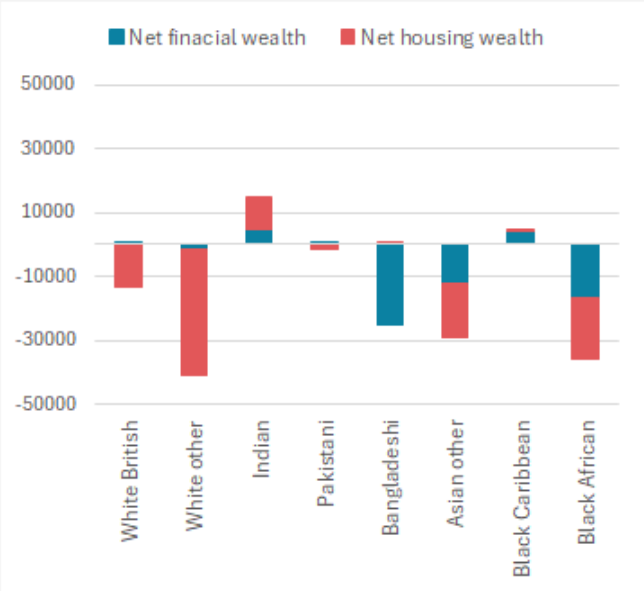
Given the stark differences in asset ownership across ethnic groups one would expect these changes to have a substantial impact on the evolution of wealth disparities across ethnic groups. Indeed, Figure 5 — which decomposes changes in mean household wealth into net housing and net financial contributions across the quartiles of the wealth distribution — reveals a pattern that aligns with these expectations. Housing price growth delivered the largest gains to groups with high homeownership and leverage — notably the Indian, White British, Asian Other and White other ethnic groups — amplifying wealth gains at middle and upper quartiles[10]. Financial wealth gains were similarly unevenly distributed, accruing predominantly to groups with higher rates of investments ownership and concentrated in the upper quartiles across all groups. In contrast, lower-wealth households — disproportionately from Black African, Bangladeshi, and Pakistani backgrounds— registered negative shifts in net financial wealth as debt burdens has been rising.

Taken together, these results reveal a consistent pattern. Groups with higher wealth levels — such as the White British, Indian, and Asian Other groups — benefited from both housing appreciation and, at higher quartiles, financial assets growth. By contrast, wealth-poor groups — including Black African, Bangladeshi, and Pakistani households — consistently recorded negative or significantly lower changes in both housing and financial wealth across the distribution. In effect, asset price inflation magnified pre-existing inequalities: it reinforced the advantages of households already positioned to benefit from housing and financial markets, while leaving those with limited or declining asset ownership further behind.

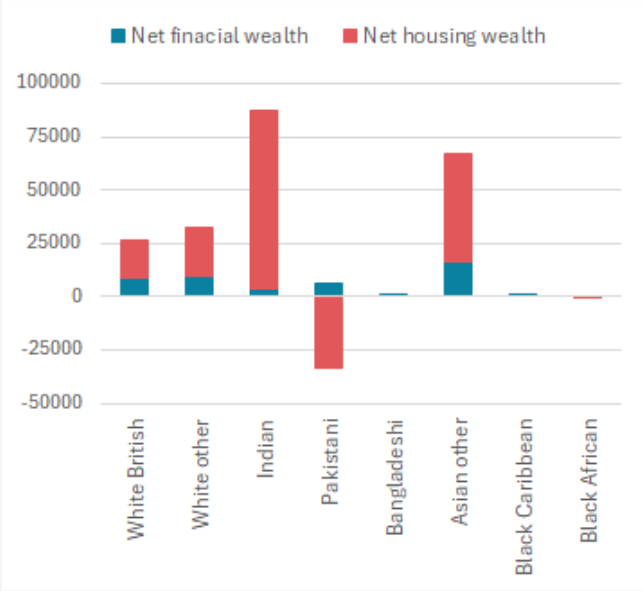
[10] See Ioannides and Ngai (2025) for a discussion on the role of housing returns in wealth inequality.

Figure 5: The contribution of changes in net financial and net housing wealth to the change in household net worth between 2012/14 (wave 4) and 2021/23 (wave 13) for different racial and ethnic minority groups

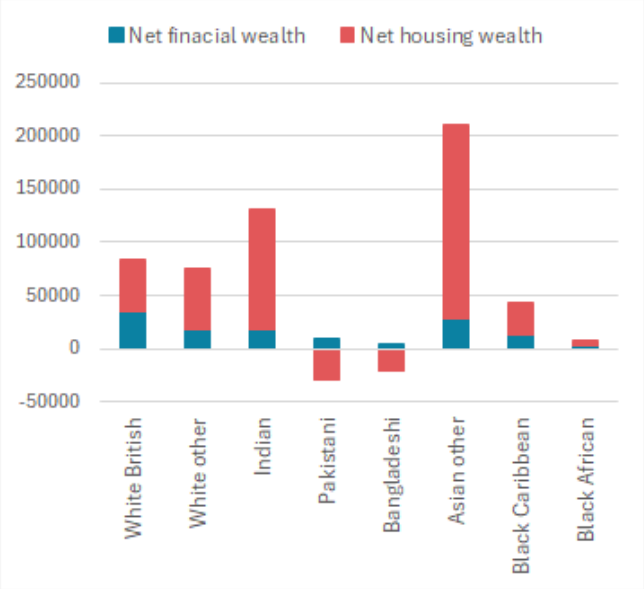
(a) Bottom quartile



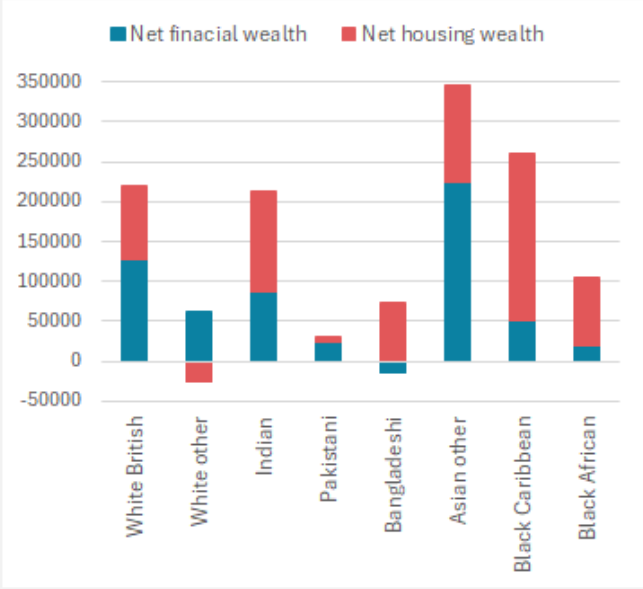
(b) Second quartile



(c) Third quartile



(d) Top quartile



Note: All measures of wealth are defined at the household level and are expressed in 2022 values using the CPI. This figure decomposes the change in mean household wealth between wave 4 and wave 13 in each wealth quartile for each ethnic minority group into the contributions from net financial and net housing wealth. The stacked bars indicate how much total wealth growth was increased (bars above zero) or decreased (bars below zero) by each wealth component, with total wealth growth for each group marked by the dots. Data are weighted using Understanding Society cross-sectional weights. *Source:* Author's analysis of Understanding Society

4.3. The role of socio-economic factors in shaping ethnic wealth inequality over time

Having considered the role of asset ownership in shaping wealth changes, the analysis now turns to how socio-economic factors have influenced shifts in ethnic wealth gaps over time. The objective is to assess how differences in observable socio-economic characteristics across ethnic groups contribute to disparities in net wealth accumulation, and to evaluate whether the influence of these factors has shifted over time. To address this, two complementary empirical strategies are employed. First, Section 4.3.1 uses quantile regressions to estimate wealth differentials between each ethnic minority group relative to the White British group at different points of the wealth distribution across waves. Two specifications are estimated: a baseline specification with only ethnic group indicators and an augmented specification that incorporates demographic and socio-economic controls. Differences in ethnic coefficients between the two models indicate the extent to which observable characteristics account for raw gaps at each quantile, while residual disparities capture unobserved influences. Comparing results across survey waves enables an assessment of whether the explanatory power of these factors has changed over time. Section 4.2.2 employs a similar approach but instead of estimating differences in the wealth levels at each survey wave, is focusing on ethnic differences in wealth growth between 2016/18 (Wave 8) and 2021/23 (Wave 13).

The variables included in the augmented cross-sectional specifications include age and age squared, region of residence (captured by a London indicator), family type, number of children under 16 in the household, household size and total equivalised household income. The wealth growth models include a similar set of controls, except that the family type dummies are replaced with variables capturing changes in marital status. In addition to these variables, the augmented specifications in both the cross-sectional and longitudinal models further include controls for the ethnic differences in the propensity to save and remittance behaviour. Remittances are captured by a dummy variable indicating whether an individual lives in a household where at least one household member reports sending money abroad (for reasons other than investments and savings – for full list of reasons of remittances see note in Table 3). Because such outflows reduce disposable income and compete with domestic saving and investments, the variable is intended to capture the extent to which these recurring transfers abroad account for heterogeneity in wealth accumulation across ethnic groups.

As shown in Table 3, remittances represent a significant feature of the financial behaviour among many ethnic minority groups, and their importance has increased over time. Regular transfers are reported by 41% of Black African, 26% of Bangladeshi, 15% of Pakistani, and 19% of Indian ethnic groups, with the vast majority (over 85%) directed towards family support. While remittances can help sustain informal insurance networks, they can also constraint short-term saving capacity,

limiting domestic wealth accumulation thereby contributing to persistent disparities between ethnic groups. This dynamic can be linked to broader arguments that remittances are shaped by global inequalities and transnational dependencies, reinforce the uneven distribution of wealth and opportunity across migrant and minority communities (see discussion by Bucata et al., 2025).

Table 3: Remittance rates (any reason and support for family and friends) by ethnic group in waves 4 and 13

	% Remitting: Any reason		% Remitting: Support for family or friends	
	Wave 4	Wave 13	Wave 4	Wave 13
White British	na	na	na	Na
White Other	na	0.11	na	0.10
Indian	0.18	0.19	0.15	0.17
Pakistani	0.13	0.15	0.11	0.13
Bangladeshi	0.19	0.26	0.17	0.22
Asian other	0.23	0.29	0.21	0.25
Caribbean	0.16	0.16	0.15	0.15
Black African	0.29	0.41	0.28	0.41

Note: The wording of the remittance questions in Understanding Society is as follows: "Many people make gifts or send money to people in another country. Did you send or give money to anyone in a country outside the UK in the past 12 months for any of the following reasons?" The following up questions record the follow reasons: 1) Repayment of a loan 2) Support family/friends 3) Support local community 4) Personal investment or savings including property. In the table remittances are defined at the benefit unit level i.e. reflect the remittance behaviour of any person in the benefit unit. Data are weighted using Understanding Society cross-sectional weights. *Source:* Author's analysis of Understanding Society.

The model's second behavioural covariate, saving propensity, is captured by a dummy variable indicating whether the respondent lives in a family where at least one member reports regular savings out of income (see Note in Table 4 for details about the survey questions). This variable is intended to capture active saving behaviour which, together with passive accumulation, constitute the principal channels of total wealth accumulation and represents a potential source of ethnic wealth inequlaities. Table 4 shows that low-wealth ethnic groups are less likely to save and, on average, save smaller amounts in both Waves 4 and 13, with the shortfall widening in Wave 13 as saving probability declined. This contrasts with the more modest reduction among the White British group and the increases observed for the White Other and Asian Other groups. Among savers, however, average saving amounts rose substantially across all groups, indicating greater within-group inequality and a concentration of saving capacity within a smaller subset of households. These shifts likely reflect the macroeconomic context of Wave 13 — marked by the late pandemic phase and the onset of the cost-of-living crisis — which intensified income shocks

and further constrained saving capacity among the more disadvantaged households.

Table 4: Percentage of individuals in saving households and average household savings by ethnic group

	% Saving		Average amount of savings – all		Average amount of savings - savers		Saving ratio	
	Wave 4	Wave 13	Wave 4	Wave 13	Wave 4	Wave 13	Wave 4	Wave 13
White British	0.51	0.50	169	233	327	433	0.06	0.08
White Other	0.49	0.56	161	242	342	447	0.05	0.08
Indian	0.52	0.46	205	242	407	542	0.07	0.10
Pakistani	0.31	0.21	79	109	254	452	0.04	0.06
Bangladeshi	0.31	0.23	92	97	318	378	0.04	0.04
Asian other	0.52	0.58	204	292	389	541	0.07	0.11
Caribbean	0.43	0.41	92	105	222	261	0.04	0.04
Black African	0.37	0.28	71	114	188	359	0.03	0.05

Note: The probability to save and the amount saved are based on the 'save' and 'saved' variables, which capture whether respondents reported saving and the amount saved, respectively collected in Waves 2, 4, 6, 8, 10, and 13. The exact wording of the 'save' question is as follows: "Do you save any amount of your income, for example by putting something away now and then in a bank, building society, or Post Office account, other than to meet regular bills? Please include share purchase schemes and ISA's." For the 'saved' question the wording is "About how much on average do you personally manage to save a month?. Data are weighted using Understanding Society weights. *Source*: Author's analysis based on Understanding Society.

4.3.1. Results from wealth level models

Figure 5 presents raw and adjusted gaps in wealth between each ethnic minority group relative to the White British majority at the 25th, 50th and 75th percentiles of the wealth distribution for Waves 4 and 13. The estimates are based on quantile regressions, with and without controls, as outlined in Section 4.2. At the 25th percentile, raw gaps are relatively small — reflecting the low or negative net wealth typical at this part of the distribution. Yet the gaps for most ethnic minority groups relative to the White British group have widened substantially, with the Indian group a notable exception recording gains. Since many households at this wealth level are in net debt, the widening gap largely reflects a sharper rise in debt among minority groups. Comparing the raw and adjusted gaps two points can be noted. First, observable characteristics make a negative contribution in explaining the wealth gaps of most ethnic minority groups (meaning that if minority groups had the same characteristics as the White British group, their wealth gaps relative to the White British group would be even larger). Second, the widening of the gaps between waves is not explained by the covariates, pointing to a growing unexplained disadvantage at the lower

end of the distribution.

The gaps in wealth also widened at the median for all ethnic minority groups with the exception of the White Other, Indian, and Other Asian groups, who recorded some gains relative to the White British group. Contrasting the unadjusted and the adjusted gaps yields two clear findings. First, observable characteristics account for a larger share of the gaps in wealth at the median than at the 25th percentile, though they still account for only part of the overall gaps. Second, the unexplained component has grown over time and is the main driver of widening gaps for the Black African and Black Caribbean groups, suggesting that persistent structural or unobserved mechanisms — such as differential returns to past wealth accumulation, credit frictions, intergenerational transfers and discrimination — are increasingly shaping median wealth disparities for these groups.

At the 90th percentile, the raw gaps in wealth are even larger and have widened further for most minority groups (with the exception of the White Other and Other Asian groups), pointing to increasing wealth disparities between ethnic groups even at the upper part of the distribution. At this wealth level observable characteristics explain a much larger share of both the level and the change than they do lower down, especially for the Pakistani and Bangladeshi groups and, to a lesser extent, the Black Caribbean and Black African groups. Yet adjusted gaps remain larger in Wave 13 than in Wave 4, pointing to a rising role of the unexplained component of the gaps even at these wealth levels.

Taken together, these results reveal a distinct distributional pattern. At the lower tail of the wealth distribution, where high debt levels dominate, the gaps among ethnic minority groups reflect the substantial influence of unobserved factors. At the median, the role of unobserved factors is smaller than at the lower end but remains significant and is increasing over time, particularly among Black Caribbean, Black African and Bangladeshi ethnic groups. At the top of the distribution, unobserved factors play a smaller role, with observable characteristics accounting for the larger share of the gap; yet even here their influence persists and rises over time, though more modestly.

Figure 6: Observed and adjusted differences in household wealth for each ethnic minority group relative to the White British group at 25th, 50th and 90th percentiles in wave 4 and 13

Note: The figure shows raw and adjusted wealth gaps at the 25th, 50th, and 90th percentiles between ethnic minority groups and the White British reference group, based on separate quantile regressions for each wave. Raw gaps are from specifications that include only ethnicity controls; adjusted gaps are from specifications including control for demographic and socio-economic characteristics as well saving and remittances behaviour controls (see text for full list of covariates). *Source*: Author's analysis of Understanding Society Wave 4 (2012/14) and Wave 13 (2021/23).

4.3.2. Results from wealth growth models

Table 5 presents results from five median regressions estimating wealth growth between Waves 8 and 13. Model 1 includes only ethnicity indicators, using the White British group as the reference group so the coefficients capture unadjusted differences in median wealth growth between ethnic minority groups relative to the White British group. Model 2 adds demographic and socio-economic controls including age, number of children in the household, change in marital status, living in a multifamily household and a London dummy. Models 3, 4 and 5 sequentially introduce controls for benefit income, savings and remittances. The attenuation of the ethnicity coefficients across models is taken to reflect the extent to which these observed characteristics account for differences in wealth accumulation. Specifically, the change in coefficients between Model 1 and Model 2 indicates the share of ethnic wealth growth gaps explained by demographic and socio-economic factors; the change between Model 2 and Model 3 captures the contribution of income; and the change between Model 3 and 4 and Model 4 and 5 the contribution of remittances and savings respectively.

Mirroring the patterns reported in earlier sections, Model 1 reveals stark disparities in wealth accumulation across ethnic groups. The White British group recorded the largest gains, while several minority groups experienced significantly lower median wealth growth. The shortfalls are larger and statistically significant for the Black African, Pakistani, Black Caribbean, and Bangladeshi groups (each recording median wealth growth £8,000-£9,000 lower than the White British group). By contrast, the shortfall is smaller for the White Other group (−£2,300), while the Indian group shows slightly higher but statistically insignificant median accumulation (+£2,300) than the White British group.

Adding socio-demographic controls in Model 2 substantially attenuates these gaps, indicating that the observable factors included in the model account for much of the lower accumulation of many ethnic minority groups. The shortfall declines by around 20%-25% for the Black Caribbean and Black African groups (to around -£6,000) for all other ethnic groups the effect is small or negative. The inclusion of income in Model 3 declines substantially the gap for the Bangladeshi group (by 75% to -£1,300) and more than fully offsets it for the Pakistani group. The shortfall for the White Other group also narrows, while the accumulation advantage of the Indian ethnic group diminishes, and both remain statistically insignificant. With the exception of the Black African group, all other coefficients lose statistical significance.

The coefficients on the remittances and saving variables in Models 4 and 5 indicate that both have a large, statistically significant effect on wealth growth. However, their inclusion only slightly attenuates the ethnicity coefficients, suggesting that while variations in saving behaviour and

remittance practices affect wealth growth their overall contribution in explaining ethnic differences in wealth growth is limited.

The control estimates Model 5 align with expectations. Wealth growth first rises with age, peaking at 55-64, and then declines for the older age groups. Higher income and active savings are both positively associated with wealth growth whereas remitting is linked to lower median wealth growth of around £5,000 (though not statistically significant). Changes in marital status are also linked to wealth growth: getting or remaining married is significantly associated with higher wealth growth, while divorce, separation, widowhood, and remaining unmarried are all associated with lower growth. Living in a multi-family household is likewise associated with reduced growth, though this effect is only marginally significant.

In sum, the wealth growth models indicate that demographic and socio-economic factors — particularly income, and to lesser extent savings propensity and remittances — account for a substantial share of wealth accumulation gaps for most ethnic minority groups, except for the Black African and Black Caribbean groups, for whom a significant share of the wealth accumulation gap remains unexplained (40% and 60% respectively). This contrasts with the results for the wealth level models, which indicated that these factors accounted for a smaller share of ethnic disparities in median wealth, leaving a larger unexplained component. Put differently, differences in characteristics explain a lower share of ethnic differences in the stock of wealth than they do for recent accumulation. The larger explained component in the wealth growth models suggests that differences in short-term wealth accumulation are more closely linked to observable characteristics while the larger unexplained component in wealth levels (the stock of wealth) reflects the stronger role of past wealth accumulation inequalities — compounded by asset appreciation — that are not captured by current observable characteristics. This points to actionable policy levers — such as boosting incomes, increasing saving capacity, and improving access to asset markets — that can help narrow accumulation gaps. By contrast the larger unexplained disparities in overall wealth levels reflect the legacy of past inequalities in wealth which are more deeply embedded and therefore more difficult to close.

Table 5: Median Regression of Ethnic Group Differences in Net Worth Growth 2016/18-2021/23

	Model 1: Only ethnicity	Model 2: +demographics	Model 3: +income	Model 4: + remittances	Model 5: +savings
Ethnic group (ref: White British)					
White other	-2343.2	-2294.7	-1480.3	-1479.0	-1419.8
	(-0.70)	(-1.16)	(-0.85)	(-0.88)	(-0.88)
Indian	2342.3	-356.4	1515.7	2803.9	3418.5
	(0.39)	(-0.08)	(1.34)	(1.41)	(1.69)
Pakistani	-8668.7***	-8516.7	549.4	977.5	3563.2***
	(-8.04)	(-1.60)	(0.50)	(0.88)	(3.47)
Bangladeshi	-8089.4***	-14123.0***	1296.2	1789.8	2949.3
	(-6.09)	(-3.55)	(0.60)	(0.54)	(1.50)
Black Caribbean	-7617.4***	-6018.2*	-5225.2	-4487.1	-4721.3*
	(-7.68)	(-2.39)	(-1.67)	(-1.82)	(-2.04)
Black African	-8916.8***	-6601.1**	-5415.0**	-4042.8	-3453.7
	(-11.19)	(-2.79)	(-3.14)	(-1.61)	(-1.36)
London dummy		2732.2	-508.5	-635.6	305.5
		(1.15)	(-0.55)	(-0.54)	(0.18)
Age group (ref: 20-25)		0	0	0	0
26-35		2602.8*	6982.2***	6992.0***	8539.0***
		(2.02)	(6.67)	(8.23)	(7.79)
36-45		4026.6*	4183.6**	4321.9***	7184.0***
		(2.11)	(3.03)	(3.50)	(5.43)
46-55		3739.0*	3260.3**	3217.7**	6299.8***
		(2.16)	(2.64)	(2.86)	(5.22)
56-65		987.4	5328.5**	5335.8***	7900.0***
		(0.54)	(3.06)	(3.29)	(4.61)
66-75		-12612.8***	-6592.6***	-6642.3***	-3342.4*
		(-7.22)	(-4.74)	(-5.61)	(-2.14)
75+		-12466.7***	-5125.3**	-5190.0***	-2132.8
		(-7.15)	(-3.00)	(-3.63)	(-1.19)
Change in marital status (ref: got married)					
Became divorced/separated/rel		-17591.1***	-13291.8***	-13638.6***	-14093.3***
		(-3.92)	(-4.34)	(-4.85)	(-5.44)
Remained div/sep/ widowed		-8196.1	-2237.5	-2552.6	-2889.5
		(-1.86)	(-0.76)	(-0.96)	(-1.15)
Remained married		8831.3*	-3456.1	-3739.0	-5186.1*
		(1.97)	(-1.17)	(-1.41)	(-2.01)
Remained single		-17107.1***	-4063.4	-4420.3	-4945.9*
		(-3.93)	(-1.41)	(-1.71)	(-2.02)
Number of children in household					
1		-2008.1	-4348.6***	-4336.9***	-3446.2***

		(-1.66)	(-5.19)	(-5.31)	(-3.56)
2		-2939.2	-7878.2***	-7969.5***	-7281.4***
		(-1.46)	(-5.99)	(-8.41)	(-4.94)
3		-6364.1**	-9855.4***	-10055.6***	-8688.9***
		(-2.77)	(-5.36)	(-5.42)	(-5.81)
4+		-23076.1***	-22692.6***	-22893.4***	-18425.2***
		(-5.02)	(-13.66)	(-15.66)	(-7.88)
Multifamily household		-4186.2***	-1904.7**	-1907.9***	-2085.4**
		(-5.47)	(-3.06)	(-3.31)	(-3.05)
Mean benefit unit income			13.77***	13.77***	12.94***
			(18.19)	(20.55)	(16.57)
Remittance dummy				-2969.7	-3894.3
				(-1.20)	(-1.59)
Active savings					7048.6***
					(9.75)
_cons	9403.8***	20808.9***	-10136.2**	-9784.9***	-13837.0***
	(14.12)	(4.67)	(-3.23)	(-3.60)	(-5.05)
N	19590	19380	19380	19380	19360

*Note: (i)*The table shows results from three median regressions estimating wealth growth between Waves 8 and 13. *(ii)* Model 1 includes only ethnicity indicators, using the White British group as the reference group. Model 2 adds demographic and socio-economic controls including age, education, employment status, change in marital status, and a London dummy. Models 3, 4 and 5 add sequentially household income, remittance and saving probabilities controls. *(iii)* Estimation uses heteroskedasticity robust standard errors. Robustness has been assessed through sensitivity checks that include exclusion of extreme outliers. *(Iv)* * p < 0:10, ** p < 0:05, *** p < 0:01. *Source*: Own analysis of Understanding Society Wave 8 (2016/18) and Wave 13 (2021/23).

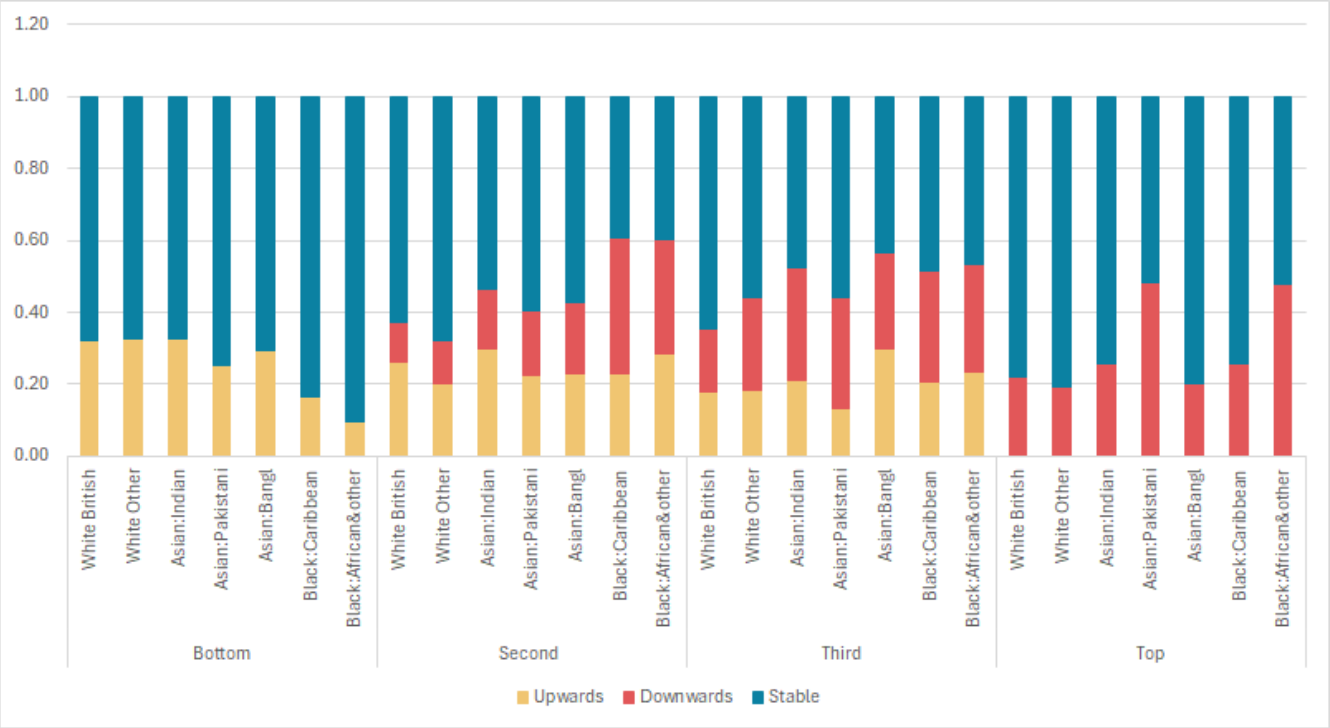
5. Wealth Mobility

This section shifts the focus from absolute changes in wealth to relative rank mobility, examining movements across wealth quartiles between 2016/18 and 2021/23. Figure 7 shows, by wave 8 quartile, the proportion of individuals in each ethnic group who moved upward, downward, or remained in the same quartile over the period between Wave 8 and Wave 13.

Overall, the patterns highlight persistent stratification: modest gains for some groups coexist with immobility and elevated downward risk for others. Disadvantages are most pronounced at both ends of the distribution — greater immobility at the bottom quartile and heightened risk of falling from the upper quartile — particularly among the Black Caribbean and Black African groups. Among those in the bottom quartile at baseline, upward mobility is uneven across ethnic groups: White British, White Other, and Indian groups exhibit the highest probabilities of upward movement (approximately 33%), whereas Black Caribbean (17%) and Black African & Other (10%) households face markedly lower chances of moving up and correspondingly higher immobility rates.

Mobility patterns of different ethnic groups diverge further in the second and third quartiles. In the second quartile, the Indian and the White British group show more balanced mobility profiles combining significant upward mobility rates with moderate stability. By contrast the Black Caribbean and Black African groups face substantially higher risks of downward mobility (38% and 32% respectively) reflected in lower immobility rates. In the third quartile, upward mobility declines across all groups, with Pakistani households experiencing the sharpest declines. Because upward mobility in the top quartiles is bounded by construction, only two outcomes can be observed: downward mobility or immobility. The distribution of these states is uneven across ethnic groups. White British and White other groups face comparatively lower risks of downward mobility (19% and 22% respectively) than several minority groups. Pakistani and Black African households are especially at risk, with a 48% probability of falling from the top quartile — more than twice the rate for White British.

Figure 7: Wealth mobility between wave 8 and wave 13 by wealth quartile in wave 8



Note: Wealth quartiles are constructed separately for each survey wave. *Source*: Own analysis based on Understanding Society Wave 8 (2016/18) and Wave 13 (2021/23).

6. Age Profiles of Wealth Across Ethnic Groups and Migrant Generations

Research on ethnic differences across economic outcomes highlights the role of life-course dynamics in closing income gaps, particularly for first-generation immigrants. Studies suggest that the initial earnings gap between first-generation immigrants and non-immigrants tends to narrow over time as immigrants become more established and acquire new skills (Mirza and Warwick, 2024). However, while these life-course adjustments can eventually help close some of the initial income gaps, their impact on wealth accumulation is much more persistent. This reflects the fact that the compounding influence of past asset holdings on wealth accumulation is substantial, especially in contexts where returns to capital are high. Indeed, as discussed in earlier sections of the paper, legacies of past inequalities are more difficult to close than gaps current wealth accumulation. These initial disadvantages can also be expected to extend across generations: even when second-generation immigrants attain earnings profiles comparable to the White British majority, constrained wealth accumulation among their parents reduces the scale of intergenerational transfer, thereby limiting opportunities for wealth building.[11] With inter-vivos transfers and inheritances playing an increasingly important role in wealth accumulation (Bourquin et al, 2020; Bourquin et al, 2023; Hood and Joyce, 2017), this can be expected to further contribute to the persistence and perpetuation of ethnic wealth disparities. Housing inequalities persist across generations, reinforcing broader ethnicity-based economic disparities.

Wealth typically follows a lifecycle trajectory, rising during working years, peaking around retirement and declining in old age. Despite this well-established lifecycle component, existing evidence on ethnic differences in wealth rarely adopts a life course perspective, largely due to limitations in available data. Yet, exploring differences across ethnic groups in the age profile of wealth accumulation, alongside the factors that shape these profiles (e.g. savings propensity, income, and patterns of homeownership entry) can shed light on how wealth is built as well as on the relative influence of income and savings behaviour and homeownership entry in shaping wealth across the life course.

This section contributes to this evidence base by first analysing age profiles in wealth and subsequently examining age profiles in four key wealth-relevant factors: median income

[11] Evidence from multiple studies highlight patterns that imply important ethnic inequalities in the distribution of inheritances and inter-vivos transfers. For example, Bangham (2024) analyses Wealth and Asset Survey data on inheritances received in the two years prior to the survey, showing that White British households inherit substantially more than minority ethnic households (50% more than the Indian group which is the next highest receiving group). Bourquin, Joyce and Sturrock (2020) show that inheritances are highly unequal and strongly correlated with existing wealth, disproportionately benefiting already advantaged households. Bourquin, et al (2023) find that lifetime gifts and loans are concentrated among wealthier families and given earlier, reinforcing advantages in housing and education, which White British households are more likely to access (see also Broome et al (2024) and van der Erve et al (2024) and Leslie and Shah (2022).

(measured at both the individual and household level), savings behaviour, homeownership rates, and first entry to homeownership. Comparing these age profiles reveals whether differences in income, household resources, or housing access help explain lifecycle divergences in wealth accumulation. By tracing the timing and the magnitude of disparities in each of these factors, the analysis aims to unpack the mechanisms through which wealth gaps emerge and compound over time and to identify stages where policy interventions are most likely to reduce long-run wealth gaps. Where data allow, the analysis also examines differences between immigrant generations in order to assess the extent of progress in wealth accumulation among UK-born individuals from different ethnic groups relative to their non-UK-born peers.

Figure 8 sets the stage by presenting age profiles in median wealth for each ethnic group relative to the White British group. For each ethnic minority groups three series are shown: one for the UK born subgroup one for the non-UK-born subgroup, and one for the group overall. As in the previous section the analysis uses two measures of wealth: household and benefit unit wealth.

Across both measures, most ethnic groups follow the expected life-cycle pattern up to retirement, with wealth rising sharply from early adulthood through the working years with growth then slowing down in the 65–75 age group[12]. Focusing first on benefit unit wealth we see that although wealth disparities between ethnic groups emerge early in life, they widen significantly with age, highlighting slower wealth accumulation especially among people from the Black African, Black Caribbean, Bangladeshi, and Pakistani ethnic groups, compared to their White British, White Other, Indian, and Asian Other counterparts. Between ages 16-25, median benefit unit wealth is very small for all ethnic groups and the gaps between groups are negligible. However, differences grow increasingly larger with age. For the Black African ethnic group, while the gap in wealth relative to the White British ethnic group at age 25-35 is around £50,000, it grows to £200,000 at age 35-45 and exceeds £400,000 by age 55-64. Similarly large gaps are observed for the Black Caribbean group (despite some small closing up in the gap at ages 55-65). Although the gaps for the Pakistani ethnic group are slightly smaller at younger ages, they increase steadily and become larger with age.

Results in terms of the household-level wealth measure reveal broadly comparable patterns. There are, however, some key differences. For the Indian ethnic group, the wealth advantage relative to the White British group is more pronounced when measured at the household-level than the benefit unit level. This reflects the higher prevalence of multi-family living households among the Indian group, and thus the fact that household-level measures capture the combined wealth of co-residing members with different levels of wealth, whereas benefit-unit measures are

[12] Note that wealth declines for the White British group after this age; however, small sample sizes limit the ability to examine comparable patterns for other ethnic groups.

restricted to the wealth holding of the nuclear family unit. Among younger individuals from the Pakistani ethnic groups, a relative wealth advantage also emerges in household-level wealth, whereas a disadvantage is observed in benefit-unit level wealth, again reflecting their higher likelihood of living in multi-family households with higher wealth. In contrast, for Bangladeshi, Black Caribbean, and Black African groups, the wealth gap is wider when measured at the household level than at the benefit unit level, especially at younger ages. Although these groups also are more likely to live in multi-family households at younger ages than the White British group, the wealth held by other household members tends to be limited, offering little additional advantage in aggregate terms.

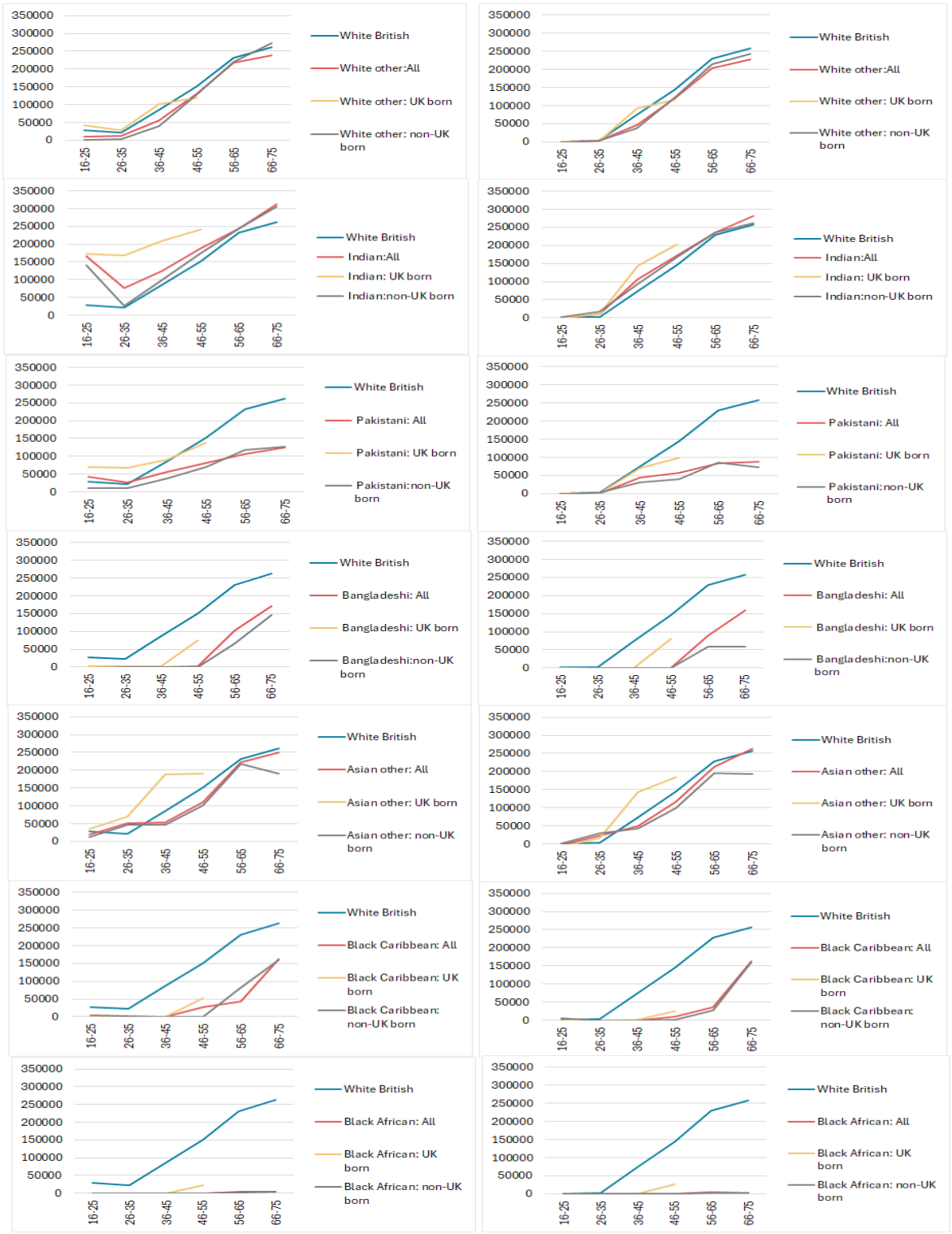
As mentioned above some of the differences in wealth accumulation reflect the influence of recent immigration. Examining age profiles of wealth accumulation across ethnic minorities by immigrant generational status shows that, although some progress is evident for some group, overall wealth accumulation remains limited for most ethnic minority groups even among the UK-born populations. UK-born individuals from Indian ethnic group, show a clear wealth advantage over both their non-UK born peers and the White British group. Among UK-born members of the Pakistani ethnic group, a modest wealth advantage is evident relative to their non-UK born peers, especially at younger ages, though this advantage diminishes in midlife. In contrast, Bangladeshi, Black Caribbean, and Black African groups show minimal progress across immigrant generations.

Overall, while there is evidence of progress across immigrant generations for some groups — particularly among the Indian ethnic group — substantial and persistent wealth gaps for most ethnic groups (regardless of the wealth measure). Importantly, household-level wealth advantages observed at younger ages for certain groups often reflect parental resources rather than individuals' own command over assets.

In order to unpack the mechanisms through which early life inequalities translate into cumulative wealth disadvantage, the next section, examines how the age profiles in four key wealth-relevant indicators differ across ethnic groups: income (individual and household level), saving behaviour, age of the first homeownership transition and homeownership rates.

Figure 8: Age profiles in median wealth by ethnic group and UK-born and non-UK born status

(a) Household level wealth (b) Benefit unit level wealth



Note: Individuals are classified as first-born if report as born outside the UK. UK-born migrant groups are individuals from ethnic minority background who report as born in the UK. The median wealth age profiles are from median regression models of wealth on six age group dummies and wave fixed effects estimated for each ethnic group separately. Standard errors are clustered at the individual level. Data are weighted using Understanding Society cross-sectional weights. *Source:* Author's analysis of Understanding Society, waves 4, 8 and 13.

7. Age Profiles of Wealth Determinants Across Ethnic Groups and Migrant Generations

7.1. Age-income profiles

The analysis begins with income. It is well-established that income has a bidirectional relationship with wealth. On the one hand, income contributes to wealth accumulation (Gornick & Sierminska, 2021; Bourquin et al., 2024); on the other, accumulated wealth generates additional income through returns on assets. This dynamic is unevenly distributed across the income spectrum, reinforcing disparities in both income and wealth. High-income households are better positioned to convert earnings into wealth, benefiting from greater access to financial markets and fewer consumption constraints. By contrast, lower-income households often face barriers that restrict saving and investment, limiting long-term wealth accumulation and further limiting income. This asymmetry produces a reinforcing feedback loop that deepens inequality over time (Kuhn & Ríos Rull, 2025; Zucman, 2019).

Despite the strong correlation between income and wealth, existing evidence shows that the relationship is far from perfect (McKnight et al., 2012; Bourquin et al., 2024; Jäntti et al., 2015). Given the importance of income in shaping wealth outcomes, and its role as a significant contributor of wealth inequalities, this section examines ethnic differences in age income profiles. While the analysis does not directly assess how income differences contribute to ethic wealth inequalities, it situates and discusses differences in income profiles within the broader patterns of wealth accumulation observed across ethnic groups.

Figure 9 shows median levels of individual and equivalized household incomes by age group for each ethnic minority group with the White British group included as a benchmark. Again for each ethnic group three profiles are shown to enable comparisons by ethnicity and nativity: for the full sample, the UK-born subsample, and the non-UK-born subsample. Turning first to the age profiles of individual incomes (Figure 9a), all groups display the expected life-cycle pattern — rising through midlife before declining in older age. Yet clear ethnic disparities emerge which persist and tend to widen over the life course. The Pakistani and Bangladeshi ethnic groups face the most pronounced income disadvantages throughout the life-course. Already by early adulthood (ages 26-35), both groups exhibit the widest income gaps relative to the White British group than any ethnic minority group. These disparities intensify through midlife and by ages 46-55, their incomes fall more than £500 below that of their White British counterparts. While the gap narrows somewhat in older age groups, it is unclear the extent to which this reflects genuine convergence or the impact of differential mortality disproportionately affecting the income profiles of Pakistani and Bangladeshi groups (given that poorer individuals – disproportionately represented in these

groups – face higher mortality risks and are less likely to survive into older ages). By contrast, the Indian ethnic group —whose wealth profile is comparable to or even exceeds that of the White British group — maintains similar income levels to the White British group throughout early and mid-adulthood but experience a steeper decline in income than their White British peers after age 56. Similarly, the Asian Other — whose wealth profiles are broadly comparable to the White British group — exhibit a consistent income advantage across the life course while White other – who also have comparable wealth to White British group - have similar income levels during working ages and lightly lower incomes in later life. The Black Caribbean ethnic group initially exhibit income levels comparable to the White British group but after 45, their incomes begin to decline at a faster rate, producing increasingly wider gaps in older ages. The Black African group – who exhibit the largest wealth gaps relative to White British group across the age range – have lower incomes throughout, beginning with relatively modest gaps in early adulthood and working years that widen substantially after age 56. Overall, the patterns indicate that while higher-income groups generally hold greater wealth, this relationship is not uniform. Pakistanis remain the lowest-income group yet do not exhibit the lowest net wealth holdings, whereas Black African and Black Caribbean groups display the reverse pattern—persistently low wealth despite comparatively higher incomes.

Analysis by UK-born and non-UK-born status shows that, within each ethnic group, UK-born individuals — encompassing both second-generation immigrants and longer-established populations — tend to have higher incomes than their non-UK-born counterparts at comparable ages (consistent with Ochmann, 2025; ONS, 2019; Mizra & Warwick, 2024). Notable improvements are observed among UK-born Pakistanis, Bangladeshis, and Black Africans relative to their non-UK-born peers, while little to no progress is evident for the Black Caribbean group. Thus, although differences between UK-born and non-UK-born subsamples suggest some generational progress, there are persistent of income disadvantages across both groups.

Household income patterns broadly mirror those of individual income, though in some cases the disparities are even more pronounced (Figure 9b). As with individual income, household income generally peaks in midlife and declines with age across most groups. However, household income profiles tend to be less hump-shaped and the gaps less pronounced. For some ethnic groups—such as Indian and Asian Other—benefit from dual earners or multigenerational living arrangements, resulting in stronger household incomes, particularly in early adulthood and middle age. In contrast, Pakistani and Bangladeshi groups face persistent disadvantages in both individual and household incomes.

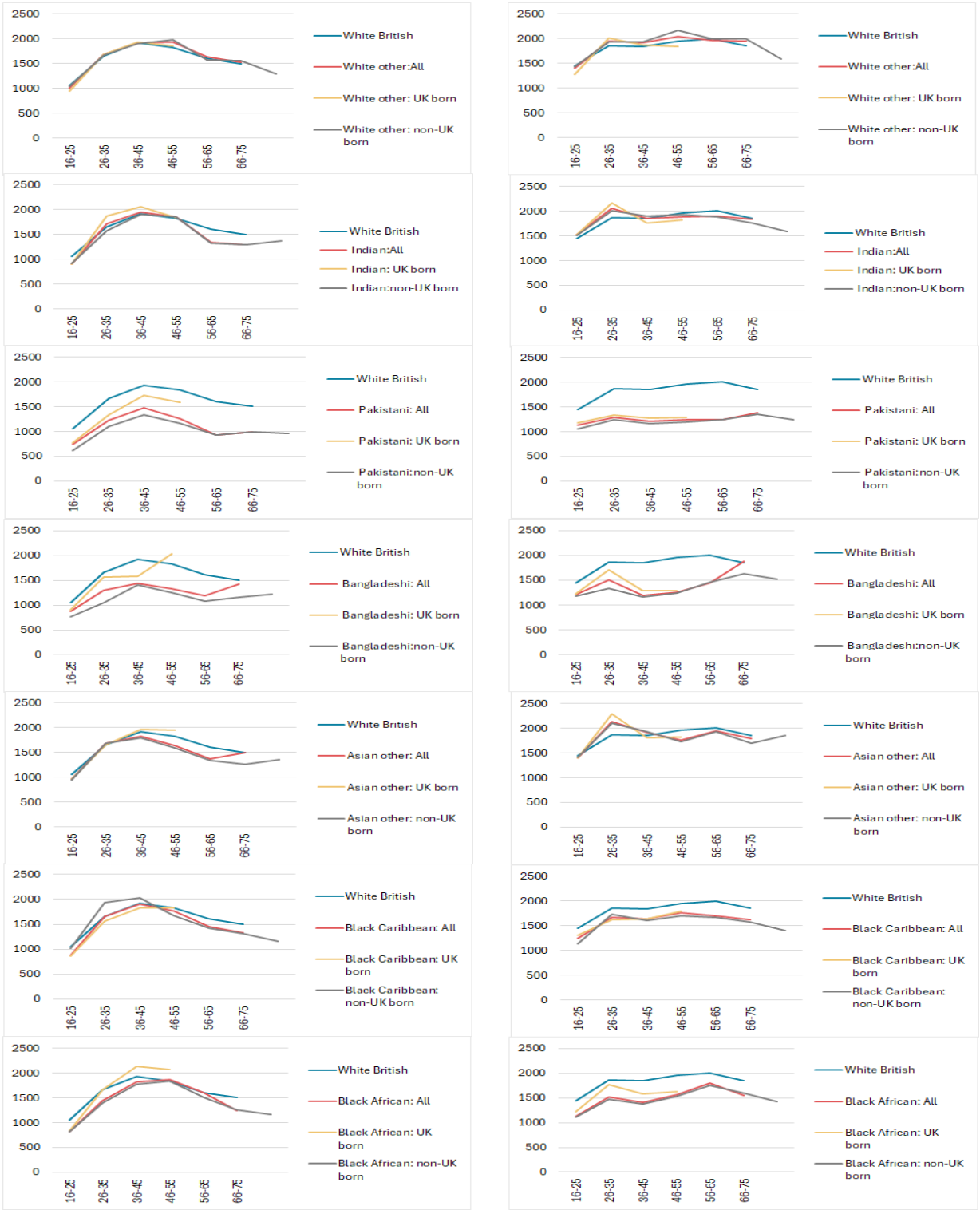
As discussed above, since wealth is largely built through sustained saving, homeownership, and investment over time — all of which depend on income — income trajectories across the

lifecourse have important implications for wealth formation. Given that returns on these assets are also a significant driver of wealth, the timing of these disparities is also particularly important. Individuals with lower incomes during early and mid-adulthood—when saving propensities are typically highest and major asset-building decisions, such as home purchases or pension contributions, are made — face compounded disadvantages.

The income profiles described above therefore have profound consequences for wealth accumulation. Lower incomes during peak working years restrict many ethnic minority groups from building assets, while disadvantages in young adulthood — particularly among Pakistani and Bangladeshi ethnic groups, including their UK-born peers — are equally critical given the path-dependent nature of wealth (early shortfalls not only reduce saving capacity but also limit the potential for compounding growth over time). Analysis by immigrant generational status, comparing UK-born and non-UK-born individuals, suggests that UK-born individuals from Pakistani, Bangladeshi, Black African and Black Caribbean ethnic groups continue to experience persistent income disadvantages.

Figure 9: Age profiles of median income by ethnic group and immigrant generational status (UK-born vs UK-born)

(a) Individual income **(b) Household income**



Note: Age-income profiles are based on predictions from models estimated separately by ethnic group, with individual or equivalised household income as the dependent variable. Each model includes wave dummies. Standard errors are clustered at the individual level. Data are weighted using Understanding Society cross-sectional weights. *Source:* Author's analysis of Understanding Society wave 1-13.

7.2. Age savings profiles

This section turns to savings, another key determinant of wealth accumulation and a potential key driver of ethnic wealth disparities. As shown earlier (Section 4.3) there are substantial differences in savings behaviour across different ethnic groups. Within the framework of a standard life-cycle model (Modigliani & Brumberg, 1954), such differences in saving rates are a critical source of wealth inequality, making it important to understand what drives variation in saving behaviour. Savings behaviour may differ across ethnic groups for a range of reasons, including cultural norms and religious beliefs and norms. Cribb et al (2025) show that religiosity is an important determinant of low participation in workplace pension among Pakistani and Bangladeshi groups. Beyond religiosity, cultural norms may also shape saving behaviour (Costa-Font et al., 2018). For instance, if individuals from certain ethnic minority groups place less emphasis on intergenerational transfers, they may prioritize consumption smoothing over bequest-motivated wealth accumulation, reducing incentives to save beyond their own lifetime needs. In addition to behavioural and cultural factors, saving patterns are constrained by resources. Limited disposable income, unstable employment, and restricted access to financial products all inhibit the ability to save, reinforcing barriers to wealth accumulation among ethnic minority groups. While evidence on ethnic differences in retirement saving offers useful insights (Gough & Adami, 2013; Cribb et al., 2025), significant gaps remain in understanding whether saving patterns reflect resource constraints, structural barriers, or cultural preferences.

This section contributes to that understanding by examining age profiles in saving behaviour across ethnic groups using data from waves 3, 6, 9, and 13 of *Understanding Society*.[13] Two key indicators are analysed: the saving probability —captured by a dummy variable equal to 1 if at least one benefit-unit member reports saving— and the saving ratio defined as total savings by all benefit-unit members relative to total benefit income. For each ethnic group, we present both observed estimates and adjusted estimates controlling for a range of socio-economic factors known to affect saving behaviour. Since saving rates vary systematically with income (Dynan, Skinner & Zeldes, 2004; Eurostat, 2025; Kaplan, Violante & Weidner, 2014; Chetty et al., 2014), a central question is whether ethnic differences persist once income and other factors are accounted for. If so, income convergence alone may be insufficient to close the wealth gap, highlighting the need for interventions that address behavioural as well as structural dimensions of saving barriers.

[13] In these waves, Understanding Society includes questions to capture individuals' saving behaviour — specifically whether they usually save and, if so, the usual monthly savings see Table 4 for details of the questions' wording.

Saving probability

Figure 10 presents saving probabilities by age group for each ethnic minority group (overall and by UK-born status), with the White British group included as a reference. Two sets of graphs are presented. The graphs on the left report predicted saving probabilities estimated from models including only age-group dummies and wave controls. The graphs on the right display adjusted probabilities derived from models that additionally control for age, gender, family type, educational attainment, the number of employed adults in the benefit unit, employment status, region of residence, remittance behaviour, and wave dummies. The comparison between the two sets of graphs is intended to assess whether unadjusted differences in saving behaviour across ethnic groups can be explained by demographic and economic characteristics, or whether they reflect behavioural and or deeper structural inequalities (although disentangling the latter lies beyond the scope of this paper given the available data).

Focusing first on the unadjusted profiles, the groups identified as having higher wealth exhibit a stronger propensity to save. The White British group records the highest saving rates across most age groups (except from youngest age group where the Indian group has an advantage), peaking at around 63% in midlife and remaining stable into older age. The White Other and Indian groups follow a similar trajectory, with saving rates of roughly 60% during prime working years before gradually declining. Other Asian households also display strong saving propensity in early to mid-adulthood, exceeding that of White British peers, though this advantage diminishes with age. By contrast, the wealth-poor groups show markedly lower saving rates across the life course. For Pakistani and Bangladeshi households, saving rates peak at around 44% in midlife — approximately 20 percentage points below the more advantaged groups — and declines sharply thereafter. Black African and Black Caribbean groups likewise exhibit lower saving probabilities across the age range, with rates falling from about 40% in early adulthood to 27% beyond age 66.

Adjusted saving profiles indicate that the apparent advantage of the Indian group in younger age groups relative to the White British is largely attributable to socio-economic factors: once observed characteristics are controlled for the Indian ethnic group exhibits slightly lower saving propensity than the White British group across most age groups. For Pakistani, Bangladeshi, and Black African households, the adjusted profiles likewise narrow the saving gap substantially relative to their unadjusted gaps with White British, but the disparities remain. All three groups continue to display markedly lower saving probabilities, particularly in midlife, with unexplained shortfalls of around 8–10 percentage points.

Considering UK-born versus non-UK-born subsamples, a clear pattern emerges: the saving behaviour of UK-born Pakistani, Bangladeshi, and Black African groups shows marked convergence with the White British. Although some gaps persist, the UK-born subsamples display

substantially narrower shortfalls than their non-UK-born counterparts, and these gaps narrow further once socio-economic differences are accounted for — implying that socio-economic constraints continue to limit saving among UK-born ethnic minority generations. By contrast, the profiles of the Black Caribbean group do not demonstrate the same convergence: UK-born individuals from the Black Caribbean group tend to have lower saving probabilities at younger ages and show only modest gains relative to first-generation migrants at older ages. This pattern is only partly attenuated by adjustment for observable characteristics. Finally, it is worth-noting that the relatively high saving probabilities among UK-born Indian, White Other, and Other Asian groups persist — and in some cases strengthen — after adjustment, consistent with a higher underlying saving propensity in these populations. These contrasts suggest that assimilation and intergenerational change matter for some groups, but that structural constraints or other unobserved factors including religion and cultural norms continue to shape saving behaviour among ethnic minority groups.

Saving ratio

Figure 10b presents age profile in saving ratios, offering a complementary perspective on saving intensity. Compared with the saving probability, saving-ratio profiles are generally flatter for all groups, although ethnic disparities remain. The White British and White Other groups exhibit saving ratios that peak at around 6% in early adulthood, decline between ages 26–45 (likely reflecting the higher needs that tends to increase with age such as housing costs, family responsibilities suppressing saving capacity) and rise again in later working years, and then fall modestly in old age. Black Caribbean and Black African groups record lower ratios across the life course, especially in early adulthood when the ratios fall below 4%. Pakistani and Bangladeshi groups show relatively high saving ratios in early adulthood but low ratios in midlife (estimates for the Bangladeshi ethnic group at ages 66-75 should be treated with caution due to small sample size). Indian and Other Asian groups consistently lie above the White British, with the largest gaps in early adulthood —over 10% versus about 7% for White British — though sharp declines midlife bring them close to White British levels.

Adjusting for socio-economic differences substantially alters these patterns. The Pakistani ethnic group display notably higher adjusted saving ratios than the White British group, suggesting that their low unadjusted saving ratios partly reflect socio-economic disadvantage. This contrasts with the adjusted saving probabilities, which remain lower for Pakistanis—albeit with a reduced gap—indicating that fewer households save, but those that do save a larger share of income. By contrast, socio-economic differences do not explain the lower saving ratios of the Black African group. Indian and Other Asian groups retain relatively high adjusted ratios, indicating that their saving behaviour reflects both higher propensities to save and favourable socio-economic

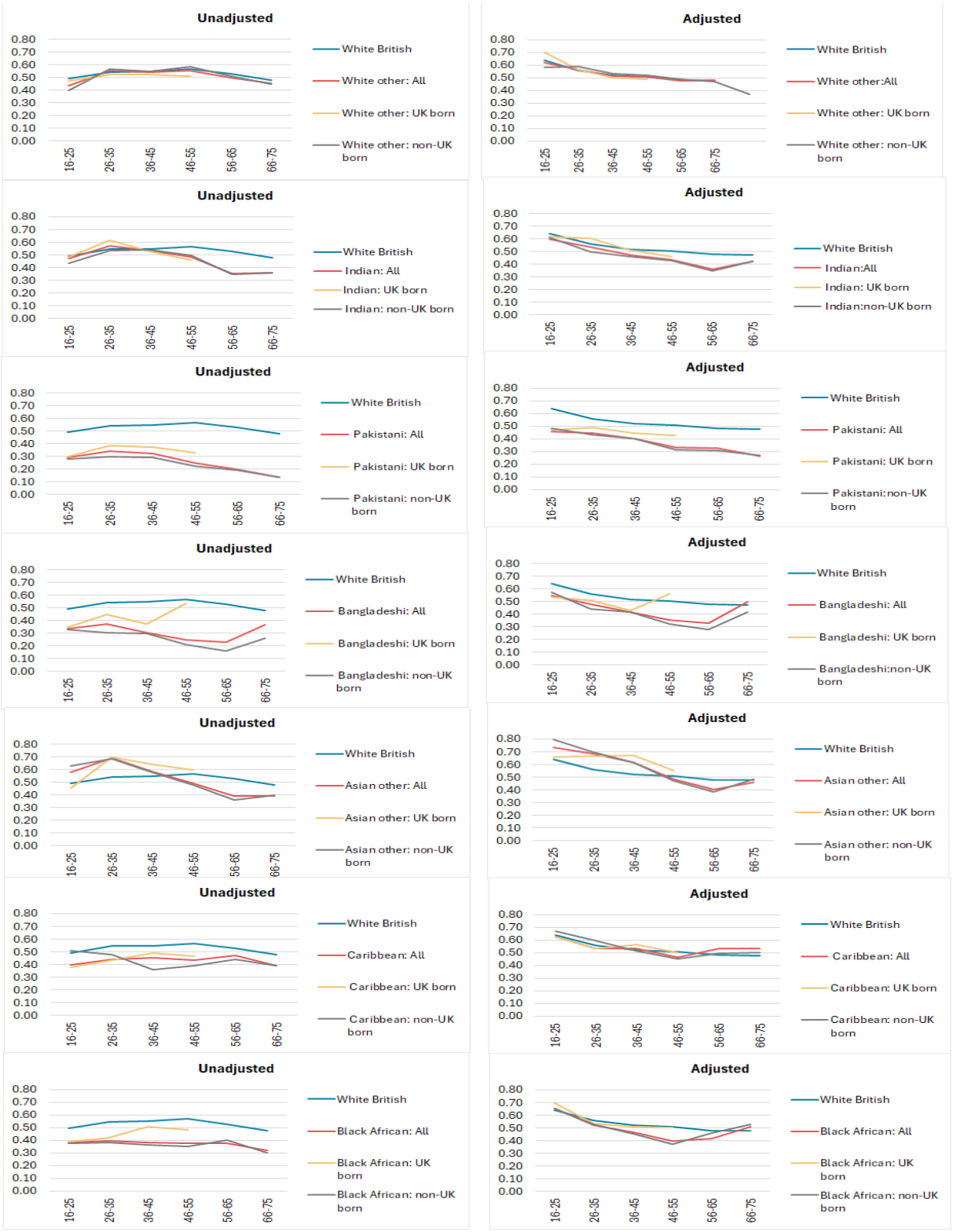
characteristics.

Differences in the age saving-ratio profiles between UK-born and non-UK-born individuals reveal evidence of generational convergence among UK-born individuals from the Pakistani, Bangladeshi, and Black African ethnic groups (i.e. their savings age profile moves closer to the profile of the White British group) but limited evidence from convergence for the Black Caribbean group (either before or after adjusting for differences in characteristics).

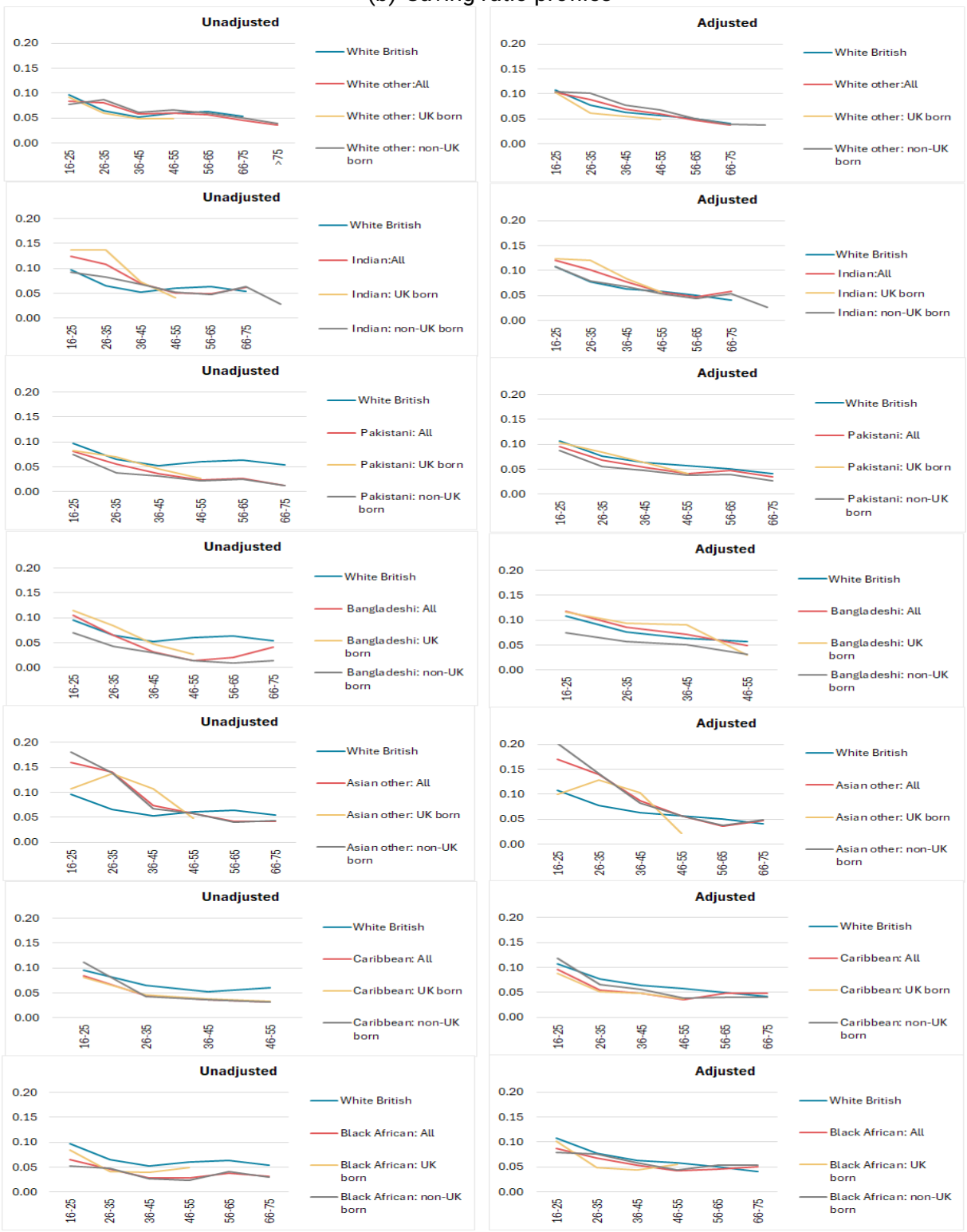
The differences in age saving profiles have important implications for wealth accumulation. High saving ratios in early adulthood, as observed among Indian and Other Asian groups, facilitate compound wealth growth. In contrast, persistently low ratios across the life course—even during peak earning years, particularly among Bangladeshi and Black Caribbean groups—undermine wealth-building during prime working years. Adjusted estimates suggest that socio-economic disadvantage accounts for a substantial share of the variation in saving intensity among low-saving groups, yet residual gaps highlight structural and group-specific factors that warrant targeted policy responses. Some evidence of generational convergence is apparent for certain low saving intensity groups, though progress remains uneven, with Black Caribbean and Black African ethnic groups displaying more convergence and Pakistani and Bangladeshi less.

Figure 10: Age saving profiles by ethnic group and immigrant generational status (UK-born vs UK-born)

(a) Savings probability



(b) Saving ratio profiles



Note: Savings are measured at the benefit unit level. Age-saving profiles are based on predictions from models estimated separately by ethnic group, with saving probability as the dependent variable. The observed models include age group and wave dummies. The adjusted age saving profiles are estimated derived from models that additionally control for age, gender, family type, educational attainment, the number of employed adults in the benefit unit, employment status, region of residence, remittance behaviour, and wave dummies. Standard errors are clustered at the individual level. Data are weighted using Understanding Society cross-sectional weights. *Source:* Author's analysis of Understanding Society waves 2, 4, 6, 8, 10 and 13.

7.3. Age profiles in first entry in homeownership and homeownership rate

Finally, this section examines ethnic differences in homeownership. As shown earlier, a substantial share of wealth disparities across ethnic groups arises from housing wealth. In turn differences in housing wealth accumulation are shaped not only by homeownership rates and property values but also by the timing of entry into ownership. Early access to housing enables longer periods of asset appreciation, greater security, lower lifetime housing costs, and improved housing quality. These advantages also carry important intergenerational effects, facilitating transfers during life and expanding opportunities to build and pass on wealth. Examining when individuals from different ethnic groups enter the housing market, and under what conditions (e.g., deposit size), is therefore essential to understanding how wealth gaps emerge and develop.

Given that first entry into homeownership plays a central role in wealth accumulation, the analysis examines ethnic disparities in the timing of this transition. To define the timing of this transition, the study exploits the longitudinal structure of *Understanding Society* to identify when individuals move from non-homeownership to homeownership (where homeownership status is defined at the benefit-unit level)[14,15] Ethnic differences in the timing of homeownership entry, are estimated using probit models predicting the probability of transition into ownership. For each group, the models are first specified with controls for age (age-group dummies) and then extended to incorporate a broader set of demographic and socio-economic characteristics. These are included to examine the extent to which observed disparities in the timing of first entry into homeownership can be explained by compositional factors. In addition to overall estimates for each ethnic minority group, separate models are estimated for first-generation (non-UK-born) and second-generation (UK-born) individuals.

The results shown in Figure 11a reveal significant variation in the timing of first entry into homeownership across ethnic groups and illustrate how little these differences change once individual and household characteristics are accounted for. Examining the results for ethnic minority groups prior to adjusting for differences in income and other socio-economic characteristics and focusing on the full sample estimates, White British and Indian ethnic groups

14 The first entry into homeownership is not directly recorded in the survey and therefore cannot be observed (or defined) for individuals who are already homeowners at the start of the panel. For non-homeowners, first entry into homeownership is inferred using the longitudinal structure of the data and is defined as the point in time (or age) at which an individual is first recorded as a homeowner, having not owned property in any previous wave.

15 The decision to use benefit unit wealth rather than household-level wealth reflects the need to more accurately capture individual homeownership status within multifamily households — a living arrangement more prevalent among certain ethnic minority groups. While measuring homeownership at the benefit unit level may obscure gender differences in ownership within couple, this approach was chosen because the majority of property owners are joint owners within benefit units, and because there was some variation in reported ownership status among people who lived in home owning benefit units across survey waves (without any corresponding change that would justify this).

exhibit the highest transition rates into homeownership at younger ages. Among White British individuals, the average transition probability is 5% during the late twenties to mid-thirties, rising to 6% between ages 36 and 45. The Indian ethnic group appears to enter homeownership earlier and at higher rates, with transition probabilities of 7% at ages 26-35 and 8% at 36-45. In contrast, the Black Caribbean and Black African groups show markedly lower transition rates at all ages but particularly younger adulthood. For example, only 1% of Black Caribbean and 2% of Black African individuals transition into homeownership between ages 26-35. These patterns suggest that some ethnic groups face substantial barriers to achieving homeownership and, when they do, entry often occurs with significant delay.

Unlike the other outcomes examined, homeownership entry shows limited generational progress, with structural barriers driving persistent ethnic disparities. UK-born individuals from ethnic minority groups often experience similar or more delayed transitions than their non-UK-born peers, particularly those of Black Caribbean heritage. Adjusting for socio-economic characteristics reduces some of these disparities: for UK-born groups, lower entry rates are largely explained by socio-economic disadvantage, while for non-UK-born groups these factors play a smaller role. This divergence highlights wider structural barriers—such as restricted access to financial support, intergenerational wealth, and mortgage lending—that continue to shape homeownership outcomes for ethnic minority households.

To complete the picture, the rest of this section turns to examine ethnic differences in age trajectories of homeownership (again defined at the benefit unit).[16] Figure 11b presents the results. Looking at the graphs at the right-hand-side (i.e. those that depict patterns without adjusting differences between ethnic groups in income or other socio-economic characteristics) we see that although ethnic disparities in homeownership rates are small in early adulthood (a reflection of both the housing market pressures facing young adults and the limited time available to build sufficient funds for a deposit) but become increasingly pronounced throughout midlife.

Among those aged 20 to 25, homeownership is exceptionally low for all ethnic groups. Even within this age range, however, disparities in homeownership are already visible, with 7% of White British individuals owning homes compared to only 1% of Black African young adults. Adjusting for differences in household and individual characteristics (such as income, employment status, household type, number of children and region) reduces some of the observed disparities, suggesting that much of the initial gap reflects socio-economic differences. However, for the Black African group even the adjusted rate remains substantially lower than the White British

[16] See footnote 14 for the rationale behind selecting the benefit unit as the measure of homeownership status. Results based on household- or individual-level analyses are qualitatively similar and can be obtained from the author upon request.

group. As individuals move into their late twenties and thirties, homeownership rates rise but again at markedly different rates across ethnic groups. So, by age 26 to 35, nearly half (45%) of White British individuals own their homes, compared to just 12% of Black Caribbean and 13% of Black African individuals. Indian (38%) and Pakistani (36%) groups fare somewhat better with rates of 38 and 36% respectively. The gap deepens further by age 36-45: 70% of people in the Indian ethnic group are homeowners, slightly surpassing the White British group (69%). By contrast Bangladeshi and Black African ethnic groups remain far behind (with rates around 35% and 25% respectively). By age 46-55, the disparities are most pronounced: 80% of individuals in the Indian ethnic group own their homes, while Bangladeshi, Black Caribbean, and especially Black African individuals lag significantly, with just 38% for the Black African ethnic group owning their homes, a staggering 42-point divide. There is again limited evidence of generational progress, especially among the Black Caribbean and Pakistani groups who show no signs of progress. Among the Bangladeshi and Black African groups, the gains are small, with UK-born individuals achieving only modestly higher homeownership rates at older ages than their non-UK-born peers.

When adjustments are made for income, employment, household composition, and geographic location, homeownership gaps narrow substantially for Bangladeshi, Black Caribbean, and Black African groups, particularly among their UK-born subsamples, although some unexplained disparities remain. This suggests that systemic differences in economic and housing opportunities — rather than unobserved factors such as homeownership preferences — account for much of the variation observed among UK-born members of these groups. By contrast, for the Pakistani ethnic group, adjusted gaps remain similar to the unadjusted gaps across both the UK-born and non-UK-born subsamples.

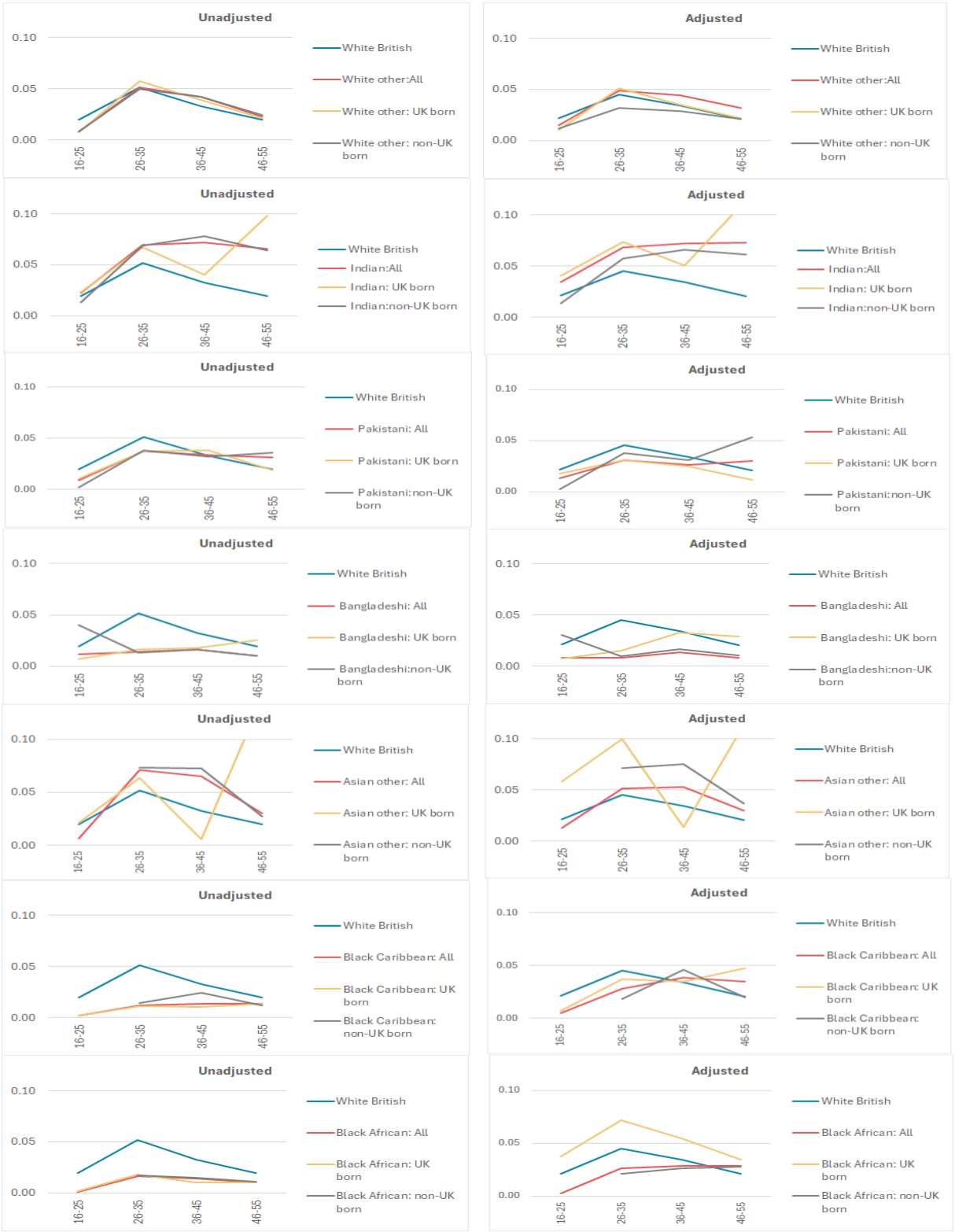
In summary, controlling for differences in characteristics reveals two key shifts in homeownership. First, although it reduces the apparent disadvantage among many ethnic minority groups, particularly within their UK-born subsamples, some disparities persist suggesting that these are rooted in deeper, enduring barriers. Second there is evidence of immigrant generational progress among the Bangladeshi, Caribbean, and Black African groups, though this is more pronounced in the adjusted rates, indicating that socio-economic characteristics continue to constraint homeownership even among the UK-born individuals from the ethnic groups. However, the unexplained component remains substantial for all groups indicating among others the influence of differences in intergenerational wealth as well as the effect of structural barriers — which may include a range of factors including restricted access to financial support, and discriminatory mortgage lending practices — in shaping homeownership

outcomes for ethnic minority groups[17].

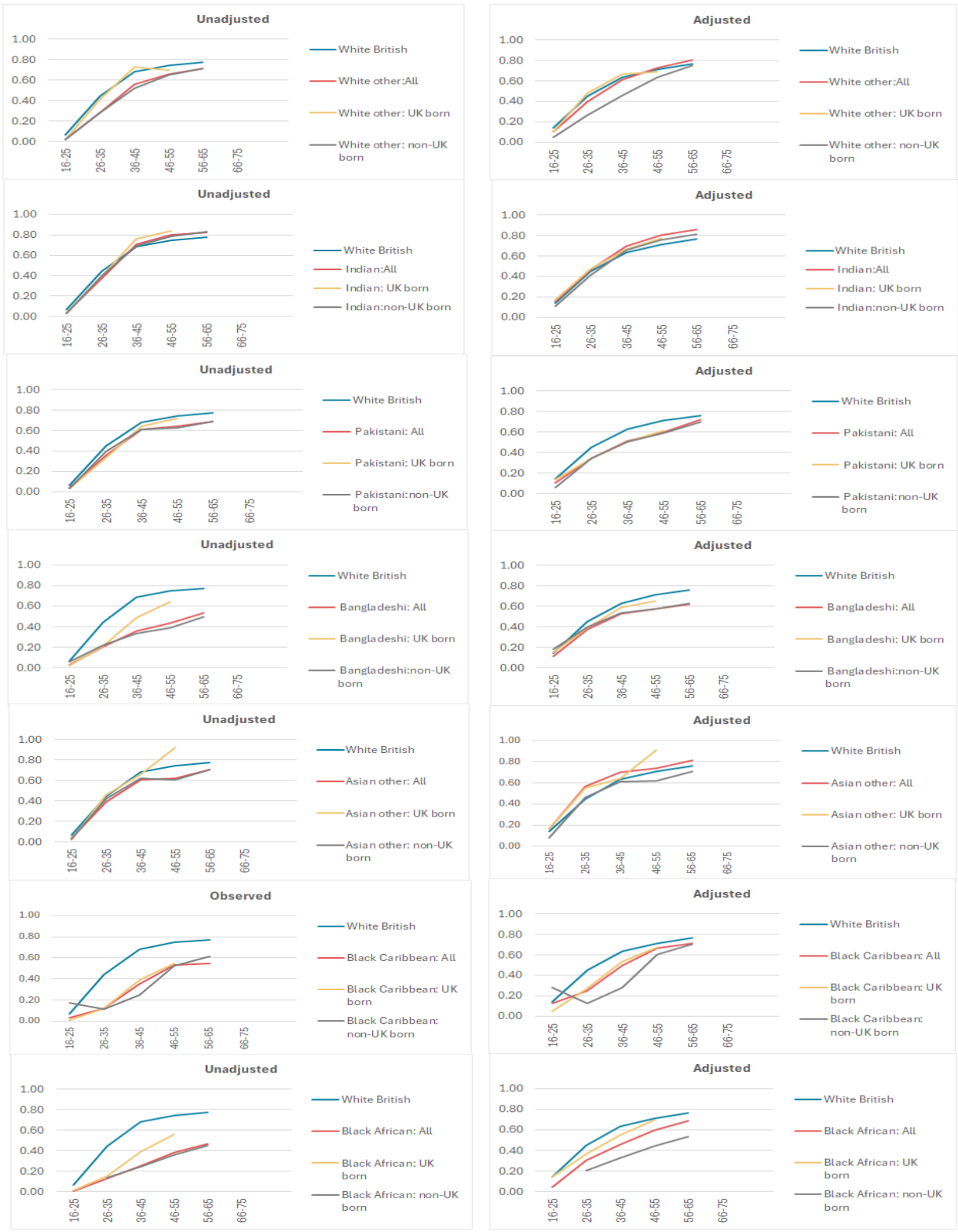
[17] See Sarpa and Manzi (2025) for evidence review on the barriers to homeownership facing different ethnic groups.

Figure 11: Age profiles in first (observed) homeownership entry and homeownership by ethnic group and UK-born vs non-U- born status

(a) First entry into homeownership



(b) Homeownership



Note: An individual is considered to have transitioned into homeownership if he (or his spouse in the case of couples) was not classified as homeowners in any previous wave and became homeowners in wave t. This definition excludes second or higher order transitions into homeownership: people who became homeowners between waves but have been homeowners in the past. *Source:* Author's analysis of Understanding Society waves 1-13.

8. Conclusions

This report demonstrates that ethnic wealth inequalities in the UK have not only persisted but widened significantly between 2012/14 and 2021/23. While overall wealth has grown, the gains have been distributed unevenly across ethnic groups. The White British, Indian and Asian other ethnic groups have experienced substantial increases in median wealth, whereas the Black African, Black Caribbean, and Bangladeshi groups remain with almost no wealth throughout, and the Pakistani ethnic have seen notable declines. Wealth gaps between ethnic groups widened across the wealth spectrum. For all ethnic groups wealth gains concentrated at the top, intensifying within group inequality. Analysis of wealth growth and in the amount of active savings accumulated during the period reveals similar ethnic divisions. Yet differences in active savings remain modest compared to disparities in overall wealth growth, suggesting that passive gains from asset appreciation have driven much of the divergence in wealth accumulation.

Wealth mobility is similarly stratified. White British, White Other, and Indian individuals are more likely to move up from the bottom of the distribution, whereas Black Caribbean and Black African individuals face much lower upward mobility. Pakistani and Black African individuals are more vulnerable to downward mobility from the top, while instability in the middle quartiles is pronounced for Black Caribbean, Black African, and Bangladeshi groups.

Asset ownership has played a critical role in deepening the ethnic wealth inequality: wealth-poor ethnic groups not only had low ownership rate of high return assets at the start of the period but also saw sharp declines—particularly in homeownership—leaving them unable to benefit from rising asset prices. Observable factors and especially in income, and to some extent savings behaviour, and remittances between ethnic groups explain the largest share of the ethnic disparities in recent wealth growth but a smaller share of ethnic disparities in overall wealth levels (i.e. the stock of wealth). Since wealth growth gaps across ethnic groups are largely linked to current demographic and economic characteristics, while wealth levels embody the legacy of past inequalities (working both intra and intergenerationally) and the compounding effects of asset returns. This contrast implies that policies to raise incomes, expand saving capacity can narrow short-term accumulation gaps, but entrenched disparities in wealth levels are more deeply rooted and harder to close.

Age profile analysis of ethnic wealth gaps reveals how ethnic wealth disparities compound across the life-course: wealth gaps start small in early adulthood but widen dramatically by midlife. Generational patterns mirror these trends, with UK-born individuals from the Indian, Asian other and White other ethnic groups outperforming both their non-UK-born peers and their White British counterparts. By contrast UK-born individuals from the Pakistani, Bangladeshi, and Black

Caribbean ethnic group show limited progress.

Income is a critical determinant of wealth accumulation, and income disparities are therefore a major driver of ethnic wealth inequality. Indian and White British groups typically experience steadier income growth across the life-course, enabling earlier and more sustained asset accumulation. In comparisons, individuals from the Black African, Black Caribbean, Bangladeshi, and Pakistani ethnic groups face slower income growth, limiting their capacity to save and invest. Age profile analysis of the ethnic income gaps of UK-born and non-UK born ethnic groups relative to the White British groups shows that income gaps narrow across immigrant generations, contrasting with the wealth accumulation patterns, and suggesting that this convergence does not yield equivalent wealth gains.

Another potential key driver of ethnic differences in wealth accumulation is variation in saving behaviour between ethnic groups. Age profile analysis shows that minority groups with lower levels of wealth tend to exhibit lower saving propensities, particularly in young adulthood and midlife, reflecting to a large extent more limited resources and higher needs. There is however some evidence of generational convergence among UK-born individuals from the Pakistanis, Bangladeshi, and Black African ethnic groups, despite some persistent gaps at critical life stages especially among Black Caribbeans in early adulthood. By contrast, both non-UK-born and UK-born individuals from the Indian, White Other, and Asian Other ethnic groups sustain and the latter strengthen higher saving rates, reinforcing generational wealth progress. Although differences in characteristics explain part of these gaps, ethnic disparities in saving propensity and saving ratios persist even after controlling for such factors.

Age profiles in homeownership, the most significant driver of wealth accumulation, reveals the starkest disparities. Ethnic minority groups with lower incomes face greater barriers to entering the housing market, reflecting affordability constraints, credit access issues, and discriminatory lending practices. As a result, transitions into homeownership are occurring later (at older ages than Indian, White British ad Asian other groups) and less frequent among Black African and Black Caribbean Pakistani and Bangladeshi groups, although the latter two groups show increased rates of entry at older ages. In contrast, Indian and White British groups benefit from earlier and more sustained homeownership, amplifying their wealth advantage through property appreciation and intergenerational transfers. Generational analysis shows that UK-born adults from minority ethnic groups often experience transitions into homeownership that are as low and as delayed — or even more so — than their non-UK-born peers, with this pattern particularly pronounced among the Black Caribbean group. These findings highlight the enduring influence of differences in intergenerational wealth and structural barriers — which may include a range of factors including restricted access to financial support, and discriminatory mortgage lending

practices — in shaping homeownership outcomes for ethnic minority groups. Importantly, these challenges intersect with a wider trend of declining homeownership among younger generations across all ethnic groups, compounding disadvantages for minority communities.

Taken together, these findings underscore the cumulative disadvantage experienced by many ethnic minority groups. Early gaps in income, compounded by limited savings and delayed access to homeownership, result in pronounced wealth disparities that deepen over the life course. Addressing these disparities requires policy interventions that not only address income disadvantages but also policies to tackle the structural barriers to asset building. Only through such targeted efforts can we begin to close the wealth gap and promote equitable financial outcomes across all communities. The new financial inclusion strategy (HM Treasury, 2025) — focused on inclusive asset-building, equitable access to credit, and intergenerational wealth support — offers a critical opportunity to address these disparities.

References

Advani, A., Bangham, G. and Leslie, J., 2021. *The UK's wealth distribution and characteristics of high-wealth households*. CAGE Working Paper No. 576. University of Warwick. Available at: https://warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/publications/wp576.2021.pdf

Bangham, G. 2020. *A gap that won't close: The distribution of wealth between ethnic groups in Great Britain*. London: Resolution Foundation. Available at: https://www.resolutionfoundation.org/app/uploads/2020/12/A-gap-that-wont-close.pdf

Blundell, R., Crawford, R., French, E. and Tetlow, G., 2016. *Comparing retirement wealth trajectories on both sides of the pond. Fiscal Studies*, 37(1), pp.105–130. Available at: https://doi.org/10.1111/j.1475-5890.2016.12088

Broome, M., Hale, S. and Slaughter, H. (2024) *Intergenerational Audit 2024*. London: Resolution Foundation. Available at: https://www.resolutionfoundation.org/app/uploads/2024/11/Intergenerationl-Audit-2024.pdf

Bourquin, P., Joyce, R. and Sturrock, D. (2020) Inheritances and inequality within generations. London: Institute for Fiscal Studies (IFS Report R173). Available at: https://ifs.org.uk/publications/inheritances-and-inequality-within-generations

Bourquin, P., Joyce, R., Sturrock, D. and Xu, X. (2023) Who gives wealth transfers to whom and when? Patterns in the giving and receiving of lifetime gifts and loans. London: Institute for Fiscal Studies. Available at: https://ifs.org.uk/publications/who-gives-wealth-transfers-whom-and-when-patterns-giving-and-receiving-lifetime-gifts

Bourquin, P. Mike Brewer, Thomas Wernham, Trends in income and wealth inequalities, *Oxford Open Economics*, Volume 3, Issue Supplement_1, 2024, Pages i103–i146, https://doi.org/10.1093/ooec/odad100

Broome, M., Mulheirn, I. and Pittaway, S., 2023. *Peaked Interest? What higher interest rates mean for the size and distribution of Britain's household wealth*. London: Resolution Foundation. Available at: https://www.resolutionfoundation.org/publications/peaked-interest

Broome, M. and Pittaway, S., 2025. What's up? Five key takeaways from new data on household wealth on the eve of the cost of living crisis. London: Resolution Foundation. Available at: https://www.resolutionfoundation.org/publications/whats-up

Broome, M. and Kanabar, R., 2025. *Before the fall: The distribution of household wealth in Britain and the impact on families*. London: Resolution Foundation. Available at: https://www.resolutionfoundation.org/publications/before-the-fall

Bukata, E., Mahmoudzadeh, M., Oliver, A. and Savage, M. (2025) Why the UK racial wealth divide matters: A call for action. London: Runnymede Trust. Available at: https://cdn.prod.website-files.com/61488f992b58e687f1108c7c/683edc099b54305c7566058d_UK%20racial%20wealth%20divide_perspectives%20paper_v2.pdf

Chetty, R., Friedman, J.N., Leth-Petersen, S., Nielsen, T.H. and Olsen, T., 2014. *Active vs. passive decisions and crowd-out in retirement savings accounts: Evidence from Denmark. Quarterly Journal of Economics*, 129(3), pp.1141–1219. Available at: https://doi.org/10.1093/qje/qju013

Cribb, J., O'Brien, L. and Sturrock, D., 2025. *Ethnic differences in retirement wealth accumulation in the UK*. Institute for Fiscal Studies, IFS Working Paper W25/02, 23 January. Available at: https://ifs.org.uk/publications/ethnic-differences-retirement-wealth-accumulation-uk

Costa-Font J, Giuliano P, Ozcan B (2018) The cultural origin of saving behavior. PLoS ONE 13(9): e0202290. https://doi.org/10.1371/journal.pone.0202290

Dal Borgo, M., 2018. *Ethnic and racial disparities in saving behavior.* Working Paper No. 2018-02. Banco de México. Available at: https://www.econstor.eu/bitstream/10419/174477/1/2018-02.pdf

Dynan, K.E., Skinner, J. and Zeldes, S.P., 2004. *Do the rich save more? Journal of Political Economy*, 112(2), pp.397–444. Available at: https://doi.org/10.1086/381475

European Commission (2025) *Joint distribution of household income, consumption and wealth – main indicators (EXPERIMENTAL)*. Eurostat Statistics Explained. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Joint_distribution_of_household_income,*consumption_and_wealth*-_main_indicators (Accessed: 15 November 2025Joint distribution of household income, consumption and wealth - main indicators EXPERIMENTAL - Statistics Explained - Eurostat)

Gough O, Adami R. Saving for Retirement: A Review of Ethnic Minorities in the UK. *Social Policy and Society*. 2013;12(1):147-161. doi:10.1017/S1474746412000516

Gornick, J. C., & Sierminska, E. (2021). Wealth accumulation and retirement preparedness in cross-national perspective: A gendered analysis of outcomes among single adults. *Journal of European Social Policy*, *31*(5), 549-564. https://doi.org/10.1177/09589287211056174 (Original work published 2021)

Hood, A. and Joyce, R. (2017), 'Inheritances and inequality across and within generations', IFS Briefing Note no. BN192, https://www.ifs.org.uk/publications/8831..

HM Treasury (2025) Financial Inclusion Strategy. London: HM Government. Available at: https://www.gov.uk/government/publications/financial-inclusion-strategy/financial-inclusion-strategy (Accessed: 30 November 2025).

Ioannides, Yannis M., and L. Rachel Ngai. 2025. "Housing and Inequality." *Journal of Economic Literature* 63 (3): 916–63. DOI: 10.1257/jel.20251659

Jäntti, M., Sierminska, E. and Van Kerm, P., 2015. *Modelling the joint distribution of income and wealth*. Social Science Research Network. [online] Available at: https://ssrn.com/abstract=2637437

Kaplan, G., Violante, G.L. and Weidner, J., 2014. *The wealthy hand-to-mouth.* Brookings Papers on Economic Activity, Spring 2014, pp.77–153. Available at: <https://www.brookings.edu/bpea-articles/the-wealthy-hand-to-mouth/

Kuhn, M. and Ríos-Rull, J.V. (2025) Income and wealth inequality in the United States: An update including the 2022 wave. NBER Working Paper No. 33823. National Bureau of Economic Research. doi:10.3386/w33823.Mirza, Heidi Safia, Ross Warwick, Race and ethnic inequalities, *Oxford Open Economics*, Volume 3, Issue Supplement_1, 2024, Pages i365–i452, https://doi.org/10.1093/ooec/odad026

Leslie, J. and Shah, K. (2022) *Intergenerational rapport fair?* London: Resolution Foundation. Available at:

https://www.resolutionfoundation.org/app/uploads/2022/02/Intergenerational-rapport-fair.pdf

McKnight, A., Karagiannaki, E. and Cowell, F., 2012. *Mapping and measuring the distribution of household wealth: A cross-country analysis*. London: Centre for Analysis of Social Exclusion, London School of Economics. CASEpaper 153.

Nolan, B., Palomino, J. C., Van Kerm, P. & Morelli, S. (2022), Intergenerational wealth transfers in Great Britain from the Wealth and Assets Survey in comparative perspective. Fiscal Studies, 43, 179–199. https://doi.org/10.1111/1475-5890.12299

Ochmann, N. Wages of UK immigrant men across generations: who catches up?, *Oxford Economic Papers*, Volume 76, Issue 2, April 2024, Pages 395–411, https://doi.org/10.1093/oep/gpad006

Office for National Statistics. (2019, July 9). *Ethnicity pay gaps in Great Britain: 2018*. Retrieved from https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/ethnicitypaygapsingreatbritain/2018

Positive Money, 2023. *Falling homeownership rates in England primarily among ethnic minorities – new analysis*. [online] Positive Money. Available at: <https://positivemoney.org/uk/press-release/falling-homeownership-rates-in-england-primarily-among-ethnic-minorities-new-analysis/

Sharma, A., Adami, R. and Carosi, A., 2018. *Retirement saving in the UK: a life-cycle analysis. Studies in Economics and Finance*, 35(1), pp.109–136. Available at: <https://doi.org/10.1108/SEF-01-2017-0018>

Serpa, R. & Manzi, T. (2025) Ethnicity and homeownership. York: Joseph Rowntree Foundation. Available at: https://www.jrf.org.uk/race-and-ethnicity/ethnicity-and-homeownership

Understanding Society (n.d.) Main survey – Understanding Society. Institute for Social and Economic Research, University of Essex. Available at: <https://www.understandingsociety.ac.uk/documentation/mainstage>

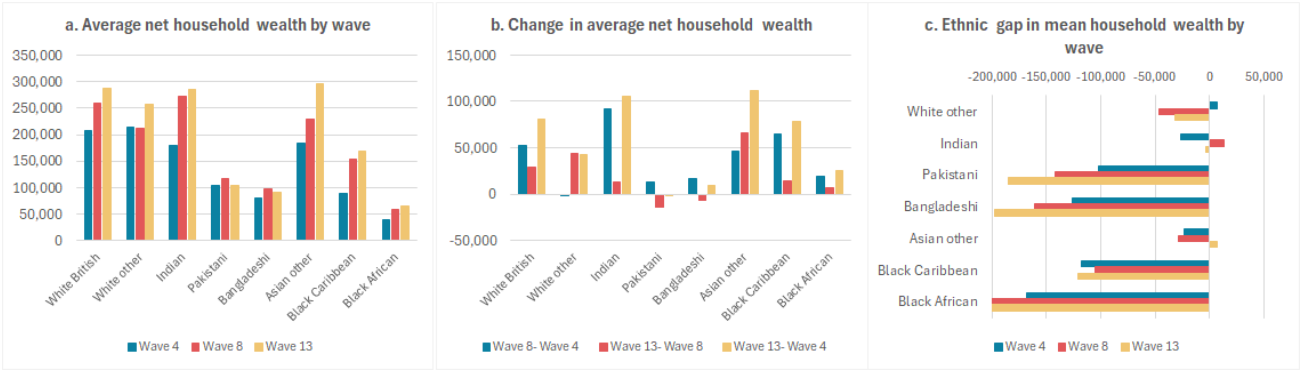
University of Essex, Institute for Social and Economic Research. (2023). *Understanding Society: Waves 1-13, 2009-2022 and Harmonised BHPS: Waves 1-18, 1991-2009*. [data collection]. *18th Edition.* UK Data Service. SN: 6614, DOI: http://doi.org/10.5255/UKDA-SN-6614-19

van der Erve, L., Krutikova, S., Macmillan, L. and Sturrock, D., 2024. *Intergenerational mobility in the UK. Oxford Open Economics*, 3(Supplement_1), pp.i684–i708. https://doi.org/10.1093/ooec/odad064

Zucman, G. (2019) 'Global wealth inequality', *Annual Review of Economics*, 11, pp. 109–138. doi:10.1146/annurev-economics-080218-025852.

Appendix Tables and Figures

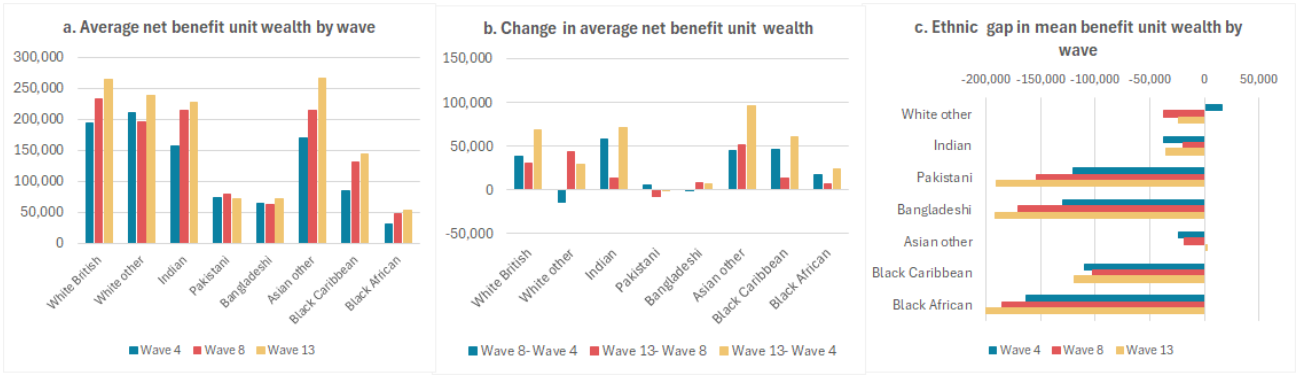
Figure A1: Change in mean household net worth by ethnicity



Note: All values are expressed in average 2020 prices using the CPI. Data are weighted using Understanding Society cross-sectional weights. Source: Author's analysis of Understanding Society.

Figure A2: Change in mean benefit unit net worth by ethnicity

All

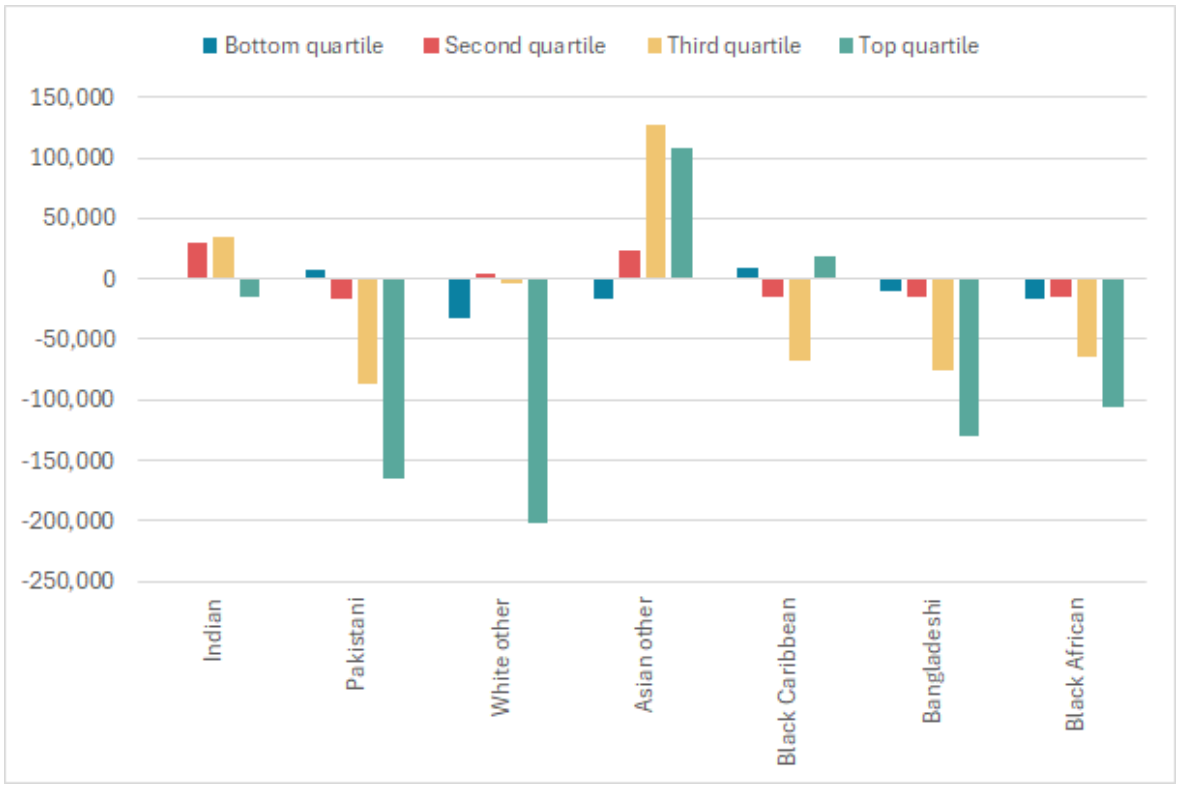


Note: All values are expressed in average 2020 prices using the CPI. Data are weighted using Understanding Society cross-sectional weights. Source: Author's analysis of Understanding Society.

Figure A3: Average benefit unit net worth by wealth quartile

(a) Change in net benefit unit wealth

(b) Change in wealth gaps



Note: All values are expressed in average 2020 prices using the CPI. Data are weighted using Understanding Society cross-sectional weights. Source: Author's analysis of Understanding Society.