Beyond Tell Sid: How Asia built a new generation of investors

Sustained push for investing is reshaping household wealth

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Introduction

Many Asian countries are grappling with the same challenge as the UK: ageing populations, increasing pressure on public finances, and the need for households to take greater responsibility for their long-term financial wellbeing. While the specifics differ from country to country, several have taken significant steps to encourage greater participation in long-term investing.

The purpose of this paper is not to argue that people should invest only in domestic equities - a healthy home market and a globally diversified portfolio are not mutually exclusive, after all.

Rather, it is to explore how countries facing similar demographic challenges are encouraging citizens to participate more actively in capital markets and build greater financial resilience for retirement and later life.

That's not to say that these Asian nations have already solved the challenge. But having started the drive to build an investment culture later than the UK and other developed markets, Asia is catching up fast.

Many Asian countries are pushing to build a stronger equity investing culture because they need households to rely less on property and cash, build greater long-term financial resilience, and share more directly in economic growth. The lesson so far is that this does not happen through one campaign or one tax break: it happens when governments improve market quality, strengthen shareholder rights, make investing simpler and cheaper, build financial literacy over time, and give people trusted, easy ways to start investing for the long term.

Some countries, notably Japan and Singapore, already have higher retail participation in the stock market outside pensions than the UK, while South Korea is only marginally behind and looks set to overtake. South Korea remains one of the world's most retail-driven stock markets, with individual investors estimated to account for around 60-70% of annual trading activity.[1] Its financial literacy scores are also well ahead of the OECD average.[2] But recent market volatility over the summer in South Korea is a reminder that building an investing culture must go hand in hand with diversification, product suitability and market resilience, particularly where investor behaviour is concentrated in a narrow part of the market or geared through more speculative products.

Given how recently many of these countries began actively promoting retail investment, such progress should continue to focus minds elsewhere.

Japan only really got going in 2012 - over two decades after the UK's retail investing boom. Now it has 9% of household wealth held in stocks and shares outside of pensions, ahead of the UK's 8%.

Singapore is higher still, at 11%, and offers an interesting case study in how policymakers are attempting both to encourage investing and revitalise a mature stock exchange.

Countries around the world are at different stages of the journey towards building a stronger culture of long-term investing. In our previous **Tell Sid and Tell Him Again** report, we examined how investing habits differed across the G7 and what policymakers could do to help more people build long-term wealth through investment. This paper broadens that lens, looking at how a number of Asian countries are responding to similar challenges around ageing populations, financial resilience and household savings.

We do not suggest that any one country's approach can be transplanted wholesale elsewhere. But the experiences of markets such as Japan, South Korea, Singapore, India, mainland China and Hong Kong offer valuable insights into how governments, regulators and markets can encourage greater participation in investing over time. The goal is not simply to support domestic stock markets, but to help households build a stronger financial future while highlighting the conditions that can foster vibrant capital markets.

Thank you for reading.

Xavier Meyer,
CEO, Aberdeen Investments

[1] Source: "Retail investors and herding behaviour in the Korean market", Applied Economics, June 2025, via, "Investing amid Korea's economic transformation", GAM Investments, August 2025.

[2] Source: **OECD/INFE 2023 International Survey of Adult Financial Literacy (EN)**, December 2023.

The great property obsession is global

> "The heavy concentration of household wealth in property across parts of Asia, notably China and South Korea, closely mirrors the UK's long standing imbalance and leaves families overly exposed to housing downturns."

Robert Gilhooly

Senior Emerging Markets Economist, Aberdeen

The UK is not alone in facing an imbalance in household wealth. As highlighted in Aberdeen's Tell Sid and Tell Him Again report, UK households hold a disproportionate share of their wealth in property and cash compared with several other G7 nations that have deeper investing cultures.

That imbalance is mirrored across parts of Asia, where high savings rates and strong preferences for property have long dominated household wealth. But it is important not to over-generalise, as conditions vary significantly between markets such as China, Japan, Singapore and South Korea, reflecting different pension systems, capital market structures and historical experiences.

What is striking is that countries which once had little culture of investing are now closing the gap with the UK at pace, and in some cases – such as Japan and Singapore – now exceeding the UK in terms of retail investment participation.

This highlights an important point for the UK as well as for Asia. While property plays a valuable role in long-term wealth accumulation, relying too heavily on a single asset class can limit growth opportunities and increase exposure to specific risks. A more balanced approach, particularly greater participation in the stock market, allows households to benefit from the long-term growth of companies and the wider economy. The experience of markets such as Japan and Singapore suggests that increasing exposure to equities can help build more resilient and diversified household balance sheets over time.

The heavy concentration of household wealth in property across parts of Asia, notably China and South Korea, closely mirrors the UK's long standing imbalance and leaves families overly exposed to housing downturns.

Figure 1. How people's personal wealth is split across asset classes, by country

Asia nCountries	Housing	Pension Fund	Cash (Deposits & MMFs)	Debt Securities	Equities & Mutual Funds	Life Insurance & Annuities	Other (e.g. gold)
Japan	37%	16%	35%	1%	9%	0%	2%
South Korea	65%	7%	16%	1%	8%	3%	0%
India	51%	6%	17%	0%	5%	6%	15%
Singapore	43%	18%	19%	0%	11%	9%	0%
China	60%	2%	25%	0%	5%	7%	2%
G7 Countries (ex Japan)							
UK	50%	19%	15%	0%	8%	5%	3%
USA	26%	17%	10%	3%	33%	1%	9%
Germany	57%	6%	16%	1%	9%	6%	5%
France	52%	12%	13%	0%	13%	1%	9%
Italy	46%	9%	14%	2%	19%	0%	10%
Canada	43%	15%	11%	1%	22%	0%	8%

Source: Based on Aberdeen analysis of data from individual countries' financial accounts. Figures are the latest available data, released in 2025 for Singapore, 2024 for South Korea and 2023 for China, India and Japan. Some of these data points are accounted for slightly differently across countries, so we should be wary of looking at small differences and making strong conclusions. When comparing pension data, it is worth remembering that there are variations in state pension benefits.

Fixing the plumbing: Asia's focus on strengthening capital markets

Alex Smith

Head of Equities Investment Specialists – Emerging Markets and Asia

What has helped institutional and overseas investors have confidence in capital markets in Asian countries has, in many cases, also helped domestic retail investors.

Across countries mentioned in this report one theme often stands out, which is that governments which have had the most success in boosting retail participation have done so by 'fixing the plumbing' to make their capital markets work better, in particular through focusing on corporate governance reform, shareholder rights, transparency, lower transaction costs, and better products.

This shows that what helps institutional and overseas investors have confidence in a market also helps domestic retail investors. The reforms introduced to attract foreign capital are the same reforms that have brought domestic households back to the market.

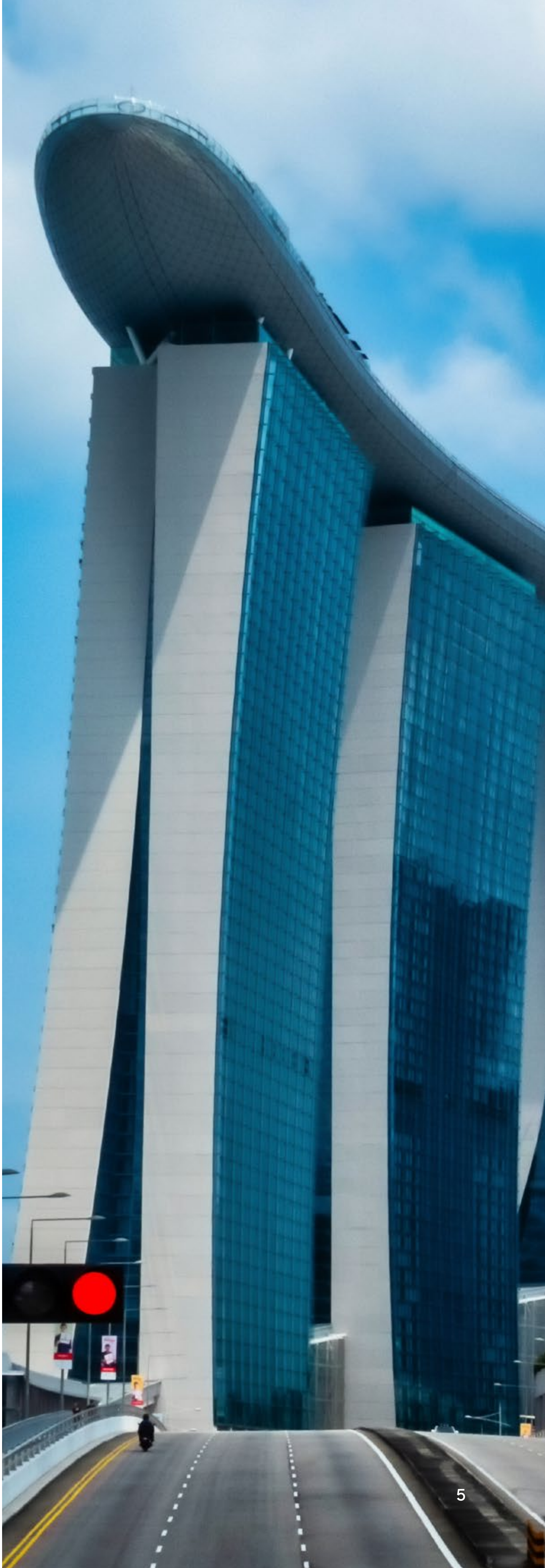
The UK has been pursuing its own reform agenda, with encouraging progress on listing rules and market structure. But the lesson from Asia is that market reform is an ongoing commitment, and one which can have benefits for all types of investors.

Investing culture versus supporting local markets

One important distinction is the difference between encouraging people to invest and encouraging them to invest domestically. The two objectives often overlap but are not identical.

Singapore provides an interesting example. Singaporean households have relatively high levels of investment participation, yet much of that capital is invested globally rather than solely through the Singapore Exchange. This highlights that building an investing culture and supporting a local stock exchange are related but separate policy goals.

From the perspective of long-term investors, the priority should be achieving appropriate diversification and investment outcomes. From the perspective of policymakers, there is also a legitimate interest in ensuring domestic capital markets remain attractive places for companies to raise capital.



Japan: from laggard to leader

For decades, Japanese households preferred cash and property, shaped by the trauma of the 1989 asset bubble, when the Nikkei crashed from nearly 39,000 to below 8,000, and a prolonged period of deflation that made holding cash a rational strategy. That began to change during the 2010s under the reforms known as Abenomics.

The Tokyo Stock Exchange drove corporate governance reform, demanding that companies trading below a price-to-book ratio of 1.0 explain how they would improve capital efficiency. Returns on equity climbed, share buybacks hit record levels in 2023, and the Nikkei 225 delivered a total return of 92.9% over the three years to 2025, compared with the FTSE 100's 33.3% over the same period[3] (and of course past performance is no guide to the future).

The government has also lowered barriers for ordinary investors. The TSE is pushing listed companies to reduce minimum investment unit amounts from below ¥500,000 (roughly £2,600) to a new target of around ¥100,000 (about £520).

In January 2024, a revamped NISA (Nippon Individual Savings Account) programme was launched, offering permanent tax exemptions on investment gains with higher contribution limits, a centrepiece of Prime Minister Kishida's "new capitalism" agenda. Japanese households now hold 9% of their wealth in equities and mutual funds, marginally more than British households.

Though it is also important to recognise that Japan's ultra-low interest rate environment has meant that fixed income has offered little return for much of the past three decades, encouraging investors to look elsewhere for long-term growth.

But for a country that was notoriously late to retail investing, having only started in earnest in around 2012, such progress is still remarkable. These changes have coincided with a significant revival in Japan's equity market, and a visible re-engagement by domestic investors.

[3] Source: Bloomberg, data in three-year period to 31 December 2025.

South Korea: tackling the "Korea discount"

South Korean equities have long traded at a discount to global peers, attributed to opaque governance, the dominance of family-controlled conglomerates and weak minority shareholder protections.

The government's Corporate Value-Up Programme addresses this directly, encouraging companies to improve capital efficiency, boost shareholder returns and enhance transparency. A dedicated Value-Up Index and website allows investors to compare companies on metrics such as price-to-book, price-to-earnings and return on capital.

Dividend income tax rates have been lowered for holders of high-dividend stocks, minority shareholder appraisal rights have been strengthened, and retail-oriented currency hedging products have been developed to help domestic investors manage foreign exchange risk.

Crucially, South Korea does not have a traditional 'stamp duty" on share transactions like the UK, but it does impose a Securities Transaction Tax (STT) on share sales, although these have been reduced to close to zero.

Today, South Korea sits at around 8% of household wealth in equities, which is level with the UK. It is catching up fast. The message from Seoul is clear, if companies treat shareholders better, households are more willing to invest. It is worth noting that these figures are based on 2024 data and therefore pre-date both the powerful rally in Korean equities during 2025 and early 2026, and the subsequent correction that followed. That volatility is an important reminder that retail participation alone is not the end goal. A deeper investing culture also requires diversified long-term portfolios, sensible product design and safeguards against excessive concentration or speculative behaviour.

Singapore: steady, structural progress

Singapore offers an interesting case study in how policymakers are attempting both to encourage investing and revitalise a mature stock exchange.

At 11% of household wealth in equities and mutual funds, Singapore already exceeds the UK, while maintaining strong positions in pensions (18%) and insurance (9%).

Though while Singaporean households hold a relatively high proportion of wealth in equities and mutual funds, policymakers have also recognised challenges facing the domestic stock exchange. Recent initiatives such as the Equity Market Development Programme and SGX-Nasdaq partnership are designed in part to strengthen the competitiveness and attractiveness of Singapore's equity market.

The SGX-Nasdaq dual-listing bridge, announced in November 2025 and set to become operational this year, allows companies to list simultaneously on the Singapore Exchange and Nasdaq using a single prospectus. Supporting measures include government funding for independent research coverage of listed companies, a "value unlock programme" encouraging better investor engagement, and revisions to the Catalist board rules to help pre-IPO companies engage retail investors earlier.

These measures are designed to boost liquidity, attract listings and support the long-term competitiveness of SGX.

India: financial literacy on a national scale

India combines one of the world's most dynamic retail investing markets with significant scope for further growth in household participation.

While equities and mutual funds account for around 5% of household wealth outside pensions, Indian households continue to hold substantial allocations to physical assets, particularly property, and gold which still accounts for around 15% of household wealth.

Importantly, this should not be mistaken for a lack of investor engagement. India has developed a deep and active equity market supported by a healthy mix of domestic investors, international capital and non-resident Indian investors. In recent years, domestic participation has increased sharply, helping to broaden ownership of financial assets and strengthen local capital markets.

Its twin-track approach, combining financial literacy and technological innovation, is producing significant results. The government's National Strategy for Financial Education (NSFE) combines school-level curriculum integration, adult education programmes and digital outreach, aimed at shifting household preferences from physical to financial assets.

To support this, India's financial regulator, the Securities and Exchange Board of India, has run sustained awareness campaigns across television, print and digital media to educate households on switching from physical assets, such as gold and real estate, to financial assets like stocks and bonds.

In addition, the "Mutual Funds Sahi Hai" campaign ('Mutual Funds are Right'), initiated by The Association of Mutual Funds in India (AMFI) under the guidance of the Securities and Exchange Board of India (SEBI), aimed to educate retail investors on the benefits of mutual funds and convert savings into investment, particularly through Systematic Investment Plans (SIPs).

India's experience highlights an important lesson for policymakers elsewhere. Building an investing culture is not simply about creating new tax incentives or launching one-off campaigns. It requires sustained efforts to improve financial literacy, broaden access to investment products and build confidence over time. Even in a market with an active investor base and deep capital markets, there remains significant room to encourage households to diversify savings and participate more fully in long-term wealth creation.

Hong Kong: a bridge between domestic and global capital

Hong Kong offers a different lesson from many of the markets discussed in this report. While countries such as Japan and South Korea have focused heavily on increasing domestic retail participation, Hong Kong's success has come from building one of the world's most effective platforms for connecting companies with both domestic and international capital.

In 2025, Hong Kong reclaimed its position as the world's leading IPO market, raising HK$274.6 billion through 106 new listings, with four of the world's ten largest IPOs taking place on the exchange.[4] The market also facilitated significant follow-on fundraising activity, demonstrating its continued importance as a capital-raising centre for growing businesses.

Part of Hong Kong's strength lies in its ability to act as a bridge between mainland China and global investors. Deep pools of institutional and retail liquidity, together with programmes such as Stock Connect, have helped create a market that attracts issuers and investors from a wide range of geographies.

The lesson for policymakers is not that every country can replicate Hong Kong's unique position. Rather, it is that well-functioning capital markets depend on depth, liquidity, investor confidence and attractive market infrastructure. While encouraging participation by retail investors is important, ensuring that companies have compelling venues through which to raise capital is equally important. The most successful markets tend to be those that achieve both objectives simultaneously.

Mainland China’s ambitious reform

Mainland China presents a more complicated picture. Household wealth allocated to equities remains relatively low at around 5%, but Chinese retail investors account for an exceptionally large share of stock market trading activity. This illustrates an important distinction between participation in markets and long-term household asset allocation.

The country has pursued some of the most aggressive policy interventions among Asian countries.

This includes cutting stamp duty on share transactions to near-zero, with a cut in 2008 and then again in 2023, launching a nationwide voluntary private pension scheme with tax deferrals, tightening rules on major shareholder stake reductions, introducing asset swap facilities for non-bank financial institutions to buy stocks, and strengthening retail investor protections around IPOs.

China’s near-elimination of stamp duty on shares is particularly noteworthy and should give UK policymakers food for thought. But the broader lesson is clear. While policy reforms can encourage participation, building a culture of long-term investing requires sustained effort over many years. China’s near-closed capital account, which limits households to largely domestic investments, is a further China-specific constraint.

[4] Source: KPMG, December 2025, HKEX, December 2025.

What the UK can take from Asia

Peter Branner

Peter Branner, CIO, Aberdeen Investments

The steps Asian governments have taken to promote retail investment will by no means be right for other countries, but they are thought provoking.

These findings come as debate intensifies over how to revitalise capital markets both in the UK and Europe more broadly, after years of dominance from the US.

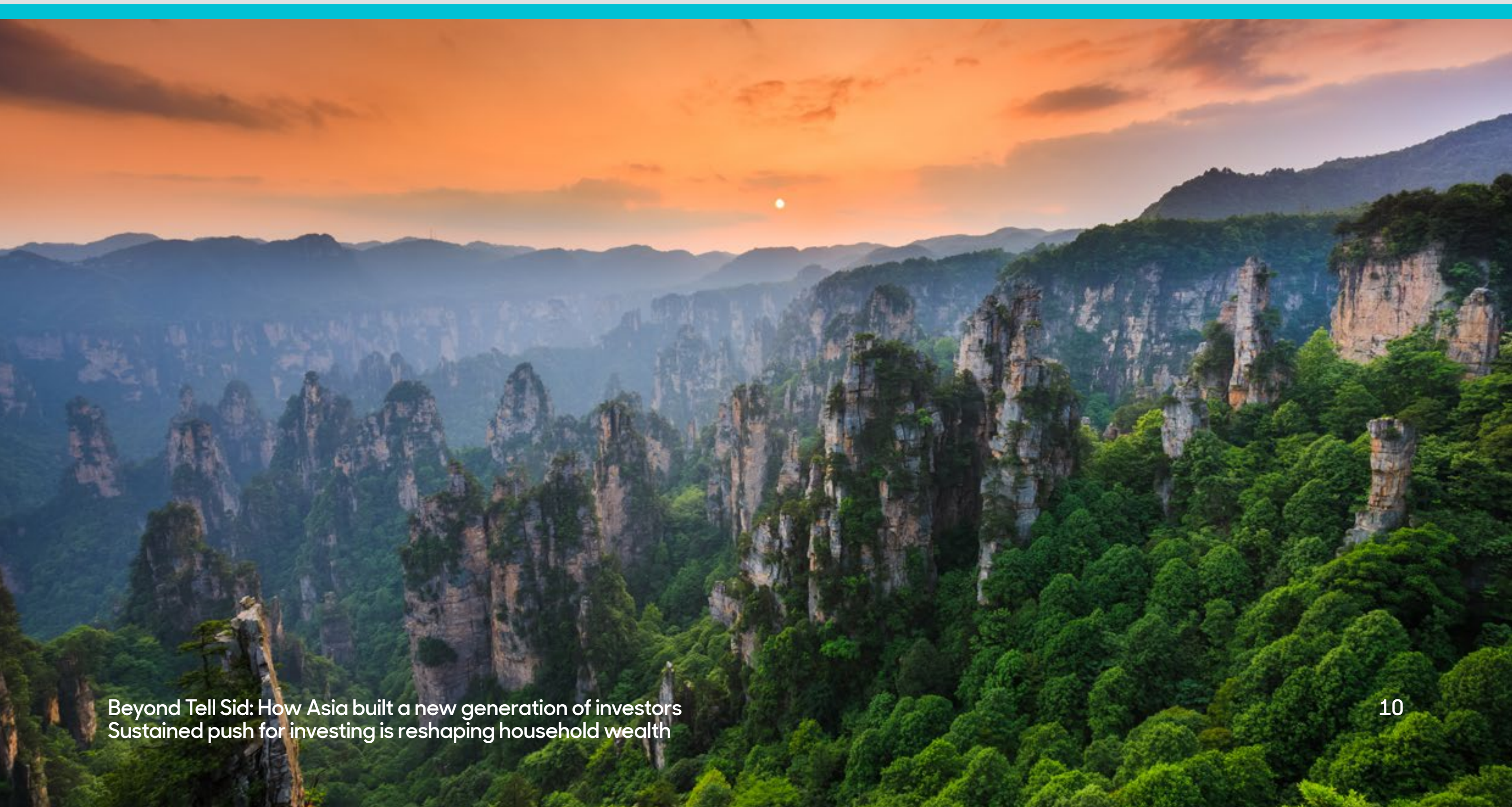
Establishing a national culture of long-term share ownership is essential if we are to build healthier capital markets and strengthen individuals' long-term savings outcomes.

Several measures adopted across Asia offer food for thought for policymakers in Britain – from scrapping stamp duty, improving corporate governance and strengthening shareholder rights, to creating platforms that promote financial literacy and enable easier comparison of investment products.

Amongst the most successful Asian countries, what is clear is that they haven't been transformed by a single change, but rather incrementally strengthened through a series of reforms and initiatives.

As an asset manager and investment platform provider, we also recognise our responsibility. We must continue to innovate and develop solutions that engage both retail and institutional investors. Getting the UK investing is a key societal challenge, and we intend to be part of the solution.

"Establishing a national culture of long-term share ownership is essential if we are to build healthier capital markets and strengthen individuals' long-term savings outcomes."



Final thoughts

Of course, it's important to distinguish between two objectives that are often discussed together. One is encouraging more people to invest, helping households build long-term wealth and improve financial resilience. The other is encouraging investment into UK-listed companies and supporting the competitiveness of domestic capital markets.

The two objectives frequently overlap, but they are not identical. People should be encouraged to invest in a way that best serves their long-term financial goals, including through globally diversified portfolios. At the same time, policymakers should ensure that UK capital markets remain attractive, competitive and accessible for both companies and investors.

In the UK, much good work is being undertaken to help turn a nation of savers into a nation of investors. We talk about ISA reforms, nudges and incentives, and good work is starting to happen around financial education in schools, for example the Government's Financial Inclusion Strategy. But these are being layered on top of a system that taxes participation at the point of entry. Scrapping stamp duty on UK shares and investment trusts would be the cleanest, boldest move we could make to unlock growth, improve valuations, and reverse the drift of capital offshore.

Reducing unnecessary barriers to investment, including transaction taxes, can support both objectives by making it easier for people to participate in capital markets while also improving the attractiveness of UK-listed assets. But it doesn't end there.

If we want more engaged savers, stronger long-term investment outcomes and competitive capital markets, the direction of travel is clear. The question is not simply how to attract capital to UK equities, but how to make investing more accessible, attractive and rewarding for ordinary households.

Lessons from Asia

Across the five countries highlighted by Aberdeen's analysis, the clear theme that stands out is that governments which have had the most success in boosting retail participation have taken a multi-pronged approach.

Aberdeen outlines five lessons the UK and others can take inspiration from to help develop a national culture of investing.

Scrap stamp duty on UK shares

China has cut stamp duty on share transactions to near-zero, halving stamp duty on stock trades in 2023 from 0.1% to 0.05%, having last cut stamp duty in 2008. Similarly, in the same year we saw Hong Kong lower stamp duty from 0.13% to 0.1%. Both moves were designed to encourage greater retail participation and boost domestic market liquidity. Given that the UK Government has already signalled its ambition to get more people investing, reducing or removing stamp duty on UK shares would be a natural complement to that agenda.

South Korea is an eye-catching example of what can be achieved when stamp duty is not applied to share purchases.

Stamp duty is economically destructive. Every time an investor buys a UK-listed share, the cost of participation rises. That means lower trading volumes, wider spreads and reduced liquidity, all of which can feed through into weaker valuations and a higher cost of capital for companies. What looks like a small tax at the point of purchase can therefore have a much larger impact across the wider market ecosystem. Aberdeen does welcome the three-year holiday for new listings and there are tentative signs that this is helping to attract new listings.

Fix the plumbing and keep fixing it

Corporate governance reform, stronger shareholder rights and clearer regulation for IPOs and cross-listings have been central to Asia's progress.

Combined with this, Asia's experience shows that market reform works best when it creates a virtuous circle — better incentives for companies to list, and better incentives for investors to invest. Access to risk capital is what allows businesses to grow, innovate and create value. But investors need to see attractive returns on that risk capital to justify participating. Countries like Japan and South Korea have demonstrated that when corporate governance starts to improve, shareholder returns can follow — and when returns improve, retail investors tend to come back to the market. Getting both sides of that equation right is essential.

The lesson from Asia is that sustained attention to market quality, which builds confidence among both institutional and retail investors, is one of the most effective tools available.

Just as importantly, reform should support broad, resilient participation rather than simply higher trading activity. The lesson from Korea is that retail enthusiasm can be powerful, but markets work best when that enthusiasm is channelled into diversified, long-term ownership rather than concentrated or highly leveraged exposure.

Shareholder rights – don't forget retail investors

A successful investing culture requires more than encouraging people to buy shares. It also means ensuring that investors feel connected to the companies they own.

In the UK, retail shareholders often hold investments through platforms and nominee accounts, which can make it harder to receive company communications or exercise voting rights than it is for institutional investors. While the UK's Digitisation Taskforce has proposed a Bill of Shareholder Rights, progress remains ongoing.

If policymakers want more people to invest for the long term, they should also ensure investors can engage more easily with the companies they own. Ownership should come with clear rights and straightforward opportunities to participate, helping strengthen trust and engagement across the investment ecosystem.

Stop overcomplicating things!

While some Asian countries are trying to remove friction, in some cases the UK is introducing more friction.

Britain's cumbersome, overly complex ISA system is a case in point. Though a well-intentioned move to get people investing, the reduction of the cash ISA limit to £12,000 from 6 April 2027, except for those who are 65 years or older, means that we now have different limits depending on your age. Proposed rules around "cash-like" products from stocks and shares ISAs also introduce complexity while removing flexibility.

That's not helping people invest. It's making them think twice about starting, and a growing sense that you need to be an expert just to get it right.

Keep talking

The UK's commitment to encouraging retail investment is a welcome and significant step. Asia's experience shows that the countries which have made the most progress have sustained their efforts over a decade or more, combining public campaigns with structural market reform and investor education. Maintaining momentum, and building on it year after year, will be important to achieving lasting change and everyone has a role to play in promoting the importance of long-term investing.

Kristina Church,

Group Head of Sustainability, Aberdeen Group

Long-term approach to financial literacy – view from Kristina Church

National initiatives have contributed to a higher score for adult financial literacy compared to the OECD average, and it shows up in behavioural patterns too: as previously mentioned, South Korea remains one of the world's most retail-driven stock markets, with individual investors estimated to account for around 60-70% of annual trading activity.

South Korea hasn't overcomplicated this. It's getting on with it. They're introducing a proper finance subject in schools — "Finance and Economic Life" — so young people actually learn how money works before they're expected to use it.

They haven't stopped there. Financial skills are also built into everyday subjects, backed up by real-world sessions on saving, borrowing and investing — often delivered by industry experts, not just textbooks.

They're training teachers, rolling out national content, and making sure this isn't just a big-city privilege but something every student can access.

And crucially, they've put it on a proper footing in law — recognising that financial capability isn't a nice-to-have.

In the UK, the Government's Financial Inclusion Strategy suggests that financial education will be taught through citizenship studies. We would recommend going further to embed financial literacy across the wider curriculum. A range of subjects, from maths and business studies to areas like food preparation and nutrition could easily include aspects of financial education and have the potential to provide children and young people with more exposure to real world situations.

Alongside this, we recommend that pensions and investment are explicitly included in the curriculum by 2028. UK adults currently hold the lowest proportion of their wealth in investments of any G7 country (8%). Instead, the majority of UK household wealth is tied up in perceived "lower risk" assets such as property (50%) and cash or cash-type products (15%).

We would also highlight that financial literacy should be viewed as a lifelong skill rather than something delivered solely at school age. Opportunities to improve financial capability should be embedded throughout people's lives, from education through to retirement planning.

India's National Strategy for Financial Education offers a compelling example of what a coordinated, long-term approach to financial literacy looks like, combining school-level curriculum integration, adult education programmes and digital outreach at national scale.

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