Esiri Bukata December 17th, 2025

We need to talk about the racial wealth divide in the UK

The UK's racial wealth divide represents a structural chasm in British society that leaves ethnic minority groups with far less financial security than white Britons. In part rooted in the UK's colonial legacy, it is reinforced by unequal access to assets and the need to send remittances abroad, writes ***Esiri Bukata****. Why is tackling this divide essential for racial justice and fair economic participation?*

Wealth assets – in the form of property, stocks and shares and other financial instruments – have experienced considerable inflation over the last few decades. The average wealth held by Britons doubled from £100,000 per person in 1985, to £200,000 per person by 2021. Despite this enormous boom, these gains have not been universal, and have instead concentrated into the hands of a few – the majority of whom are white British.

Against the backdrop of a cost of living crisis and looming austerity measures, this concentration of wealth poses issues for those who find themselves without any, since wealth is used as a stopgap where public welfare provisions are lacking. Besides subsistence concerns, this unequal accumulation of wealth also negatively impacts social democracy, diminishes collective citizenship rights, and challenges ideas of meritocracy and fairness foundational to liberal democracies.

In our report for the Runnymede Trust, entitled "Why the UK racial wealth divide matters: A call for action", we argue that addressing the wealth divide in Britain is not only important, but also a matter of racial justice.

The historical and contemporary contours of the racial wealth divide

We begin our paper by drawing on the research of economic historian Neil Cummins. In order to understand the historical trajectories of wealth inequality, he uses UK probate data to map out the historical changes in wealth across different ethnic groups from the 1890s to the 1990s.

To paint a contemporary picture of the racial wealth divide, we use Eleni Karagiannaki's analysis of the Understanding Society panel survey, which charts the distribution of wealth across different ethnic groups in the UK. At the top end of the distribution, looking at the richest 5 per cent of people for each ethnic group, there are great disparities in the amount of wealth held. White British households in this group report around £891,000 of wealth assets, on average, while the average Black African household in this group reported just £303,000.

When it comes to the poorest 25 per cent of the British population, we found that households across all ethnic groups (including white British households) had little or no wealth, highlighting the importance of looking at race and class together. In terms of debt levels, we found that Bangladeshi and Black African households were among the groups most likely to report having higher levels of debt.

New insights into wealth acquisition and wealth transfer strategies

With the stage set, our report offers fresh analysis on the mechanisms of wealth transfer, looking at how they are practiced within communities of colour across the UK.

With focus groups commissioned by the Young Foundation and interviews carried out for some of the authors' dissertations, our exploratory findings reveal ideas around collective wealth, the weakened economic position of ethnic minorities in relation to their white British peers and broader dynamics shaping the racial wealth divide today.

Due to histories of owner-occupation and strategic management of wealth stocks, white middle- and upper-class households have generally been able to use their resources to build wealth and establish themselves and their children in the UK. By comparison, given the histories of colonial expropriation and under-development that typically colour experiences of migration to the UK, the strategies of immigrant communities towards wealth tend to differ.

Crucially, a huge driver of inequality is the transfer of wealth made within the lifetime of the grantor – *inter vivos* transfers. When looking at intergenerational transfers in Europe and the United States, financial and non-financial resources typically flow from parents to their adult children. However, over the last few decades it has been noted that within communities of colour in the UK, financial transfers also flowed upwards from adult children back to their parents. This happens either through supporting a parent also living in the UK, or in the form of remittances, which is the sending of money or resources back to one's country of origin.

Resources typically flow from parents to their adult children.... But within communities of colour, financial transfers also flowed upwards from adult children back to their parents – either through supporting a parent living in the UK, or in the form of remittances

Beyond sending money to their parents, for many members of immigrant communities, "supporting family" extends well beyond the nuclear structure to include vast transnational networks. As such, the number of people who can reasonably expect to receive support – be that financial, practical or emotional – from members of immigrant communities is much larger than for the typical member of a white British family. As one interview participant said:

"There are so many family members, or even friends, or neighbours back home who would want to send their children to school … but can't afford it. So, I personally would send money to just ensure that if nothing [else] these children go to school because I know with that, that's where they can actually be able to get out of any poverty that would otherwise hit them."

Sending these remittances can strain the financial resources of senders and, in some cases, prevent them from making financial investments (such as purchasing a property to live in) in the UK. This in turn contributes to the racial wealth divide growing.

Looking at the Understanding Society panel survey data on remittance flows, we find that Black Africans and Bangladeshis are among the ethnic groups most likely to report remitting – the same two groups which also had the lowest reported wealth as per The Colour of Money report and Understanding Society panel survey analysis.

Remittances are shaping wealth distributions in the UK, and this is a product of historic asymmetries in the global political economy

We felt that this was not a coincidence. Remittances are shaping wealth distributions in the UK, and this is a product of historic asymmetries in the global political economy. Tracing these remittance flows from the UK to the sender's country of origin reveals the underlying political, economic and sociocultural infrastructures that drive the racial wealth divide and prevent people of colour from making financial headway in the UK.

The need to disrupt cycles of wealth inequality across racial lines

Wider social and political malaise are also products of the excessive accumulation of private wealth resources seen in the UK today. We believe that lending support to broad political alliances that call for policies to address wealth inequality – through redistributive tax strategies and challenging corporate and oligarchic power – offers an effective way of tackling the problem. Because of the systemic nature of the racial wealth divide, any reduction in wealth inequality as a whole will tend to reduce racialised inequalities as well.

Regardless, given that we can see how colonial legacies continuously manifest in present realities, and have lasting impacts on the current racial wealth divide, it is imperative that interventions are made to disrupt cycles of wealth inequality and bring about greater equity. Only then can we expect to improve living standards for all, regardless of their racial or ethnic background.

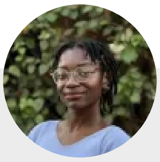
The Runnymede Trust report, written by Esiri Bukata, Mina Mahmoudzadeh, Adèle Oliver and Mike Savage, is available to read here, and draws wider research on this topic available here.

Sign up here to receive a monthly summary of blog posts from LSE Inequalities delivered direct to your inbox.

All articles posted on this blog give the views of the author(s). They do not represent the position of LSE Inequalities, nor of the London School of Economics and Political Science.

Image credits: Crowd of people on street by Carlos Castilla Shutterstock.

About the author



Esiri Bukata

Esiri Bukata is a recent graduate from the MSc Inequalities and Social Science programme at LSE. Her research explored racialised wealth inequality in the UK, with a particular focus on the experiences of first-generation African immigrants.

Posted In: Race | UK inequalities | Wealth