



THE BRITISH BUSINESS INVESTMENT VISA

**A NEW MODEL FOR INVESTMENT
MIGRATION IN THE UK**

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IPPR takes full responsibility for the report's analysis and recommendations and all errors and omissions remain our own.

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SUMMARY

The UK suffers from persistent low investment which is holding back economic growth. Levels of business investment were at 11.1 per cent of GDP in 2023, placing the UK near the bottom of the G7. Small businesses in particular struggle to access early-stage equity finance to help them to scale up.

The UK currently does not have an investor migration route after it was closed in 2022. These are migration pathways for high net worth people who make significant capital investments. Just as skilled worker and global talent visas are designed to boost growth through people's skills and labour market contribution, investor visas are designed to inject new capital into the economy. In principle, investor visas could therefore provide one avenue to help with the UK's investment problem.

Past investor visas have often failed to live up to economic expectations. This is because schemes such as the UK's tier 1 investor visa have failed to generate genuinely additional investment. The design of previous schemes has meant that investors tended to direct funds into low-risk assets that were likely to attract investment regardless, limiting their economic impact.

There are alternative designs for investor visas which are more likely to be economically successful. These might involve either a direct donation to the treasury or a pooled fund controlled by the government, which would then choose how to make investments.

However, investor visas come with potential security risks. Investment by residence schemes are vulnerable to misuse by malign actors, including via money laundering, investment fraud, and government corruption. Investment by citizenship schemes are even riskier, because they can enable criminals to obtain new identity documents and enhanced visa-free travel. Strategies for mitigating these risks include creating a specialist agency or operational unit to manage the visa, introducing multi-tier vetting, and capping overall numbers.

We therefore propose a new approach to investment migration in the UK focussed on maximising economic benefits and minimising the risks of abuse. Our recommendations are based on three key objectives.

1. Driving additional investment into innovative, high growth, and higher risk areas of the economy.
2. Mitigating money laundering and illicit finance risks.
3. Creating a targeted and tightly managed migration pathway.

Based on these objectives, we recommend that the UK introduces a one year pilot of a British business investment visa (BBIV). Unlike the UK's previous investor visa, which largely channelled funds into low risk assets with limited economic impact, the BBIV would direct investment to focus on innovative and high-growth sectors. There would be a minimum holding period of, for instance, 10 years and a rate of return set at significantly lower than market rates. There would be no fast track to citizenship and applicants would have to meet standard residency rules to live in the UK permanently.

The BBIV would involve a £5 million investment. Applicants would be expected to invest through a pooled investment vehicle overseen by the British Business Bank (BBB), the UK's state owned economic development bank. They would

make an initial investment of £3 million followed by £1 million when the visa is renewed after two and a half years and another £1 million after five years. Based on the strategic mandate of the BBB, these investments would be aligned with the government's industrial strategy goals.

Our analysis suggests that this visa could provide meaningful economic benefits. Based on 100 new successful applications per year, annual inflows into the investment vehicle would stabilise at around £425 million once the scheme matures. If the BBB were to deploy additional capital at a scale of £425 million annually, we estimate this would generate approximately £300 million in private investment and around £900 million in additional GVA. Based on previous BBB estimates, this would support around 4,000 additional jobs across high-growth firms and sectors.

The government should introduce robust measures to minimise the risks of abuse of the BBIV. These include:

- creating a BBIV integrity fund from visa fees, which would resource a new operational unit in the Home Office staffed with trained professionals with relevant expertise to conduct due diligence checks on visa applications
- banning certain nationalities from using the visa where they are identified as posing a high cross-border money laundering risk
- capping overall numbers to ensure systems are not overwhelmed and to reduce the risk that malign actors are inadvertently admitted
- offering no fast-track route to citizenship. This would also address the principled objection that citizenship could in effect be 'bought' by the wealthy.

Finally, the visa pilot should only be extended subject to a review by the Independent Chief Inspector of Borders and Immigration (ICIBI) after its first year of operation. Only if the pilot is found to pose minimal risks of abuse should it be extended; otherwise it should be closed. At a later stage, the Migration Advisory Committee (MAC) should also be commissioned to evaluate the economic impact of the visa route. Together, we consider that this policy package offers the best prospects for a new investment migration route that supports inward investment and economic growth, while providing clear safeguards against money laundering and illicit finance.

1. INTRODUCTION

The UK suffers from a persistent investment problem. Levels of business investment were at 11.1 per cent of GDP in 2023, placing the UK near the bottom of the G7. Capital intensity is 38 per cent less than in comparator economies (Narayanan and Sriram 2026). Underinvestment is a more challenging issue for SMEs. Businesses with fewer employees tend to invest less than larger businesses (BBB 2025a). Boosting investment is critical to the UK's growth prospects.

Of particular importance for growth and job creation is securing early stage equity finance for potential high growth firms looking to scale up. The challenge here is explained by both supply and demand side factors. On the demand side, a lack of management and financial experience can be a key barrier for firms. But supply is also a factor, given that research suggests that some of the main indicators of management capability do not necessarily make it easier to access equity finance. This can be down to a lack of investor appetite for higher-risk investments or limited knowledge. The result is that early stage firms can wait long periods to complete an equity investment round, often 18 months or more (Roper and Owen 2026).

Beyond early-stage entrepreneurs, there is a 'missing middle' equity finance gap for high growth firms which have moved beyond looking for initial capital but are not yet big enough to obtain traditional large-scale financing (BoE 2025). Excluding established companies, the UK's equity finance gap in 2021 was an estimated £7.5 billion (£3.7 billion at seed stage, £2.7 billion at venture stage, and £1.1 billion at growth stage) (Kacer and Wilson 2023).

Moreover, high growth firms can also face difficulties accessing debt finance. Where businesses are reluctant to dilute their ownership by selling too much equity, forms of debt finance such as venture debt may be a flexible alternative. Venture debt could help to address the 'missing middle' finance gap, but the UK's venture debt market is significantly less developed when compared to the US (BoE 2025).

There are many ways to address access to finance. One of the focusses of the government's approach has been the British Business Bank (BBB), the UK's state owned economic development bank. The government has increased the BBB's financial capacity to £25.6 billion and has outlined the bank's strategic objectives, including to facilitate access to finance for smaller firms in sectors identified as priorities within the industrial strategy (DBT and HMT 2025).

One potential avenue for addressing this challenge is through investment migration. This is the focus of our report. There is currently a gap in the UK's immigration system for high net worth individuals who are willing to make substantial investments in the UK. This cohort do not generally intend to work for a single employer under the skilled worker route.¹ Nor do they easily fit into other niche immigration categories such as the global talent visa – which is restricted to

¹ Home Office rules also do not permit 'self-sponsorship' – ie it is not permissible to set up a business in the UK and then obtain a sponsor license for the primary purpose of sponsoring oneself under the skilled worker route.

specific sectors such as research, the arts, and digital technology – or the innovator founder visa, which has an extremely high bar for innovation to apply.

While the current government has made reforms to attract global talent to the UK, it has not yet opened up a route for investment. An investor visa would provide a route for high net worth individuals to come to the UK and help to address the financing gaps for early-stage and scale-up firms. Such a visa would be analogous to a skilled worker or global talent visa, under which economic migrants are granted residency on the basis of their potential contribution to the economy.

The argument for investor visas in principle is clear. Yet it is fair to say that they have a chequered history. The UK's previous attempt at an investor visa was closed in 2022 – on the eve of the Russia-Ukraine war – following concerns over the facilitation of money laundering. Critics have argued that investor visas are often poorly designed, fail to deliver on the economic benefits they promise, and pose risks of abuse and fraud. Any attempt to revive an investor visa must therefore be grounded in a robust economic argument and must be carefully designed to maximise benefits and mitigate risks.

This report explores the case for an investor visa. We begin by investigating different design choices for investor visas and surveying the evidence on their economic impacts. Following this, we turn to the risks associated with these visas, including potential risks associated with money laundering and illicit funds.

The final chapter builds on the preceding analysis to conclude with a set of proposals for how the government can reform the immigration system to encourage investment to the UK and address the key financing gaps described above. Our proposals will be based on a careful assessment of the potential opportunities of investment migration, the challenges associated with past attempts, the risks of abuse, and the different design options available.

2. **CAN INVESTOR VISAS BRING ECONOMIC BENEFITS?**

As set out in the introduction, the aim of an investor visa is to stimulate additional inward investment through an immigration route targeted at high net worth individuals. This chapter explores whether this approach can work economically. Our analysis draws on other countries' experiences of investor visas, as well as the UK's own past effort at designing a visa of this type.

THE RATIONALE FOR INVESTOR VISAS

Recent decades have seen multiple efforts to introduce investment migration programmes around the world. There are two main types of investment migration: residence by investment, which offers investors a visa with the right to reside in the country; and citizenship by investment, which offers investors citizenship, either automatically or via an expedited pathway. While citizenship by investment tends to be adopted by micro-states, residence by investment is offered by large economies such as the US, France and Italy (Clerides et al 2025). There were over 40 countries with residence by investment programmes in 2022, compared with fewer than 10 two decades earlier (ibid). The primary focus of this report will be residence by investment.

Many investor visas are targeted primarily at passive investments. These investors may want residence in order to improve their quality of life, to ease international travel, or for tax advantages. Evidence from stakeholders for this project suggested that quality of life is one of the key drivers in the case of the UK. Some investor visas are designed for people who intend to start their own businesses, or for angel investors who want to play an active role in providing advice and mentoring alongside making their financial investment. However, these visas generally appeal to a smaller pool of people than those open to passive investment.

A recent study of investor visas found that, controlling for other factors, residence by investment schemes are more likely to be introduced in economies with higher GDP, higher GDP per capita, and greater openness to trade (Clerides et al 2025). One study focussed on Europe found that these schemes tend to be implemented after periods of reduced economic growth (Surak and Tsuzuki 2021). The implication is that investor visas are often seen as a route to boosting productivity and growth through attracting inward investment.

THE MACROECONOMIC IMPACT OF INVESTOR VISAS

The evidence on the economic impact of investor visas is strikingly limited. Some evaluations have on the face of it shown considerable increases in foreign investment through these migration pathways (Scherrer and Thirion 2018). For instance, an evaluation of the EB-5 program – an investor visa in the US – found that, in the financial years 2012 and 2013, around 11,000 people on the programme made investments totalling \$5.8 billion in relation to 562 different EB-5 projects (Henry et al 2017). However, these studies do not necessarily provide an accurate assessment of the impact of investor visas, as they do not estimate how much of

this investment is additive or how much may have displaced other investments. In other words, they do not account for how much of this funding would have been found anyway from other sources had the visa not existed.²

There have been some studies of the macroeconomic impact of visas, but they are relatively few and the results are somewhat inconclusive. One recent study suggested that the existence of residence by investment schemes had no direct impact on domestic investment, though investment levels did increase for countries with larger numbers of visa approvals relative to the population (Clerides et al 2025). This reflects prior research which has found that, while investor visas are unlikely to have a significant macroeconomic impact for large economies given their small scale, they can have a dramatic impact for microstates such as Saint Kitts and Dominica (Surak 2022).

However, the existing research should be treated with some caution, because of the limited data available on investor visas and the variation in schemes which have been tried and tested globally. As we will explore, the exact design of investor migration programmes can have a significant bearing on their economic value.

DESIGN CHOICES FOR INVESTOR VISAS

Investor visas vary considerably in their design and implementation. Important design choices include: the minimum investment required; the types of investments which qualify; the eligibility criteria for individual visa holders; the rights and conditions attached to the visa; and the pathway to settlement and citizenship.

Of particular importance for the economic impact of an investor visa are the types of investment which are eligible. This is because some types of investment are more likely to be economically valuable than others. Without clear criteria in place for investments, applicants are likely to gravitate towards making low-risk investments, given that their primary aim is to obtain a visa rather than secure a significant return. These are projects or businesses that are likely to have received investment in any case (Sumption 2025).

Perhaps the clearest example of this problem is the UK's former tier 1 investor visa. This visa formerly required 75 per cent of the applicant's investment to be in either UK government bonds, or in share or loan capital in UK registered businesses.

In a detailed study of the visa route by the Migration Advisory Committee (MAC), there was little evidence found of any economic benefit. This is because applicants primarily bought government bonds on the basis that they offered a stable investment, selling them at the point they obtained indefinite leave to remain (ILR). Purchases of government bonds from tier 1 investor visa holders constituted a very low share of total borrowing and, given over-subscription of UK government bonds, it is clear that alternative investors could easily have been found. Bond purchases by tier 1 investor visa applicants are unlikely to have had any material impact on the interest rates for UK government borrowing (MAC 2014).

Reforms in 2019 removed the option of government bonds from the list of qualifying investments. However, applicants were still able to invest in publicly listed firms, which allowed them to make low-risk investments with comparatively stable returns. They generally bought shares on the secondary market and so this did not raise new capital. The investments would have had a negligible impact on share prices (MAC 2014; Sumption 2025).

² They also do not take into account whether the investment goes into existing capital or creates new capital stock.

The design of the UK's investor visa limited the extent to which it stimulated genuinely additional investment that would not have flowed into the country regardless. There are, however, alternative approaches to designing investor visas which are more likely to bring economic benefits.

One option is to simply require applicants to make donations to the government, without any expectation of a return. This would clearly provide a direct fiscal benefit.

Another option is to design the visa in such a way as to reduce capital costs for businesses. This is in effect how the US's EB-5 investor program operates. Businesses can access EB-5 capital at a lower cost compared to conventional financing, because EB-5 investors are willing to accept a lower rate of return in order to get the visa (Sumption 2025; Booth 2016). Nevertheless, an approach which allows individuals to choose their own investments makes it harder to have oversight over where funds are directed and increases the risk of abuse (see chapter 3).

Alternatively, applicants could contribute towards a pooled fund controlled by the government, which would then choose how to make investments. This would allow for higher-risk, strategic investments in firms which would otherwise struggle to be able to secure capital (Sumption 2025). For instance, one paper proposes the creation of immigrant investor funds (IIFs), government investment vehicles with both commercial and strategic public policy objectives (Gamlen et al 2017). Furthermore, the applicants could be offered a low rate of return on their investments, which would make this capital cheaper for the government than other sources.

WIDER ECONOMIC IMPACTS

Beyond the direct impacts of the required investment, prior studies highlight other potential economic effects of investor visas. In its investigation of the tier 1 investor visa, the MAC identified a number of other ways in which visa holders interact with the UK economy (MAC 2014). They include:

- use of the private education and health sectors, which tend to be chosen by investor visa holders over public services
- use of professional and legal services
- private philanthropy
- spending in local economies (in particular luxury goods)
- purchase of properties at the upper end of the housing market.

These impacts are unlikely to be substantial in larger economies, given the relatively small number of investor visas issued. While there is some evidence from the UK that investors can spend significant amounts of money annually in the local economy – ranging from around £4,000 per month to up to £200,000 per month (in 2014 prices) – these figures are uncertain and based on small samples (ibid). Moreover, even when their expenditure is large, this will not necessarily translate into a significant net economic benefit, because any gains of increased demand for producers are counteracted by losses for consumers (Manning no date).

Again, given the small numbers of people involved, investor visas are unlikely to have a significant impact on house prices. While some international research suggests that citizenship/residence by investment schemes can push up house prices, this is concentrated in places where real estate is permitted as a qualifying investment (Clerides et al 2025).

It is also possible that investor visas can boost entrepreneurial activity (MAC 2014). This depends on the profile of the people who apply for and are granted these visas. As explained above, most investor visas are targeted at those making passive investments. Unlike other visa types (such as entrepreneur or global talent visas), they typically do not screen for particular skills or attributes. These visa routes are primarily focussed on the capital individuals are willing to invest, rather than their entrepreneurial contribution. This means they can be skewed towards older individuals who are looking to retire, rather than those planning to start new companies or make active investments.

Nevertheless, prior research does suggest that a proportion of high net worth individuals granted investor visas do intend to engage in entrepreneurship. For instance, one report on the UK's tier 1 investor and entrepreneur routes found that some investor visa holders wanted to set up businesses and chose the investor visa because it gave them more time and flexibility to look for opportunities than the entrepreneur route (Nathan et al 2013). Although this is not the primary aim of most investor visas, it is a potential additional benefit which is hard to precisely quantify.

FISCAL IMPACTS

There is little evidence on the overall fiscal impacts of investor visas. These impacts are likely to vary depending on the precise design and scale of the route. Investor visa holders will contribute through the tax system (including VAT) and through payment of immigration fees. But they will also generate costs through the use of public services such as education and healthcare. One study of the investor visa route in Australia – known as the Business Innovation and Investment Program – found relatively poor economic and fiscal outcomes for visa holders due to their older age profile and smaller incomes (Parkison et al 2023).

Overall, based on the available information, we consider that, aside from the effects of the actual investment, any fiscal impacts are likely to be small in the UK context. This is because most investor visa schemes operate at a small scale and, even if visa holders' employment rates are relatively low, their public expenditure is also expected to be limited given that they predominantly make use of private education and healthcare (MAC 2014).

The precise tax contribution will of course depend on tax rules for overseas income and gains, such as the extent of tax relief for new arrivals or the policy for those whose permanent home is declared to be abroad. In the case of the UK, we expect that the recent abolition of non-domiciled status and the new foreign income and gains (FIG) regime could increase the overall tax contribution of visa holders under a potential future investor migration route.³

SYMBOLIC IMPACTS

Finally, there may be a wider symbolic impact from opening an investor visa programme. Often, countries introduce these routes to signal that they are open to foreign investment and to high net worth migration. This could potentially encourage investment and economic migration beyond the specifics of the investor visa route, which could contribute to further economic activity. Ultimately, determining the potential symbolic impact of such a move is very hard to do with accuracy.

3 Similarly, the application of VAT to private school fees would increase their fiscal contribution.

3.

DO INVESTOR VISAS POSE ILLICIT FINANCE RISKS?

The history of investor visa routes suggests that they can be vulnerable to abuse. There are numerous instances of malign actors misusing residence and citizenship by investment programmes for the purposes of money laundering, investment fraud, and government corruption (FATF/OECD 2023).

Citizenship by investment schemes face a particularly high risk because they enable criminals to obtain new identity documents and potentially greater visa-free travel, alongside other advantages. But residence by investment can also be misused – for instance, to move country to avoid arrest or to provide a justification for international money transfers which would otherwise face greater scrutiny (FATF/OECD 2023). Larger schemes such as the UAE’s residence by investment programme – which issued 250,000 visas between 2019 and 2023 – may face a higher risk of abuse (Surak 2024).

Specific examples of risks associated with these schemes include the following.

- **Admission of high risk individuals:** reporting by the Guardian in 2017 found through leaked documents that a number of business people linked to a corruption scandal had sought or secured residency through Portugal’s investor visa programme (Pegg et al 2017).
- **Corruption:** in an undercover media investigation in Cyprus, senior politicians were recorded agreeing to facilitate access to the Cypriot Investment Program for an imaginary Chinese applicant who had a money laundering conviction (Pavlidis 2021; Ritzen and Al Jazeera Investigative Unit 2020).
- **Fraudulent investments:** in the US, an attorney admitted to money laundering and fraud charges following her involvement in a conspiracy to misappropriate EB-5 funds. This involved a combination of stealing funds and in other cases returning them back to the original investors, defeating the purpose of the EB-5 scheme (FATF/OECD 2023).

There is little reliable evidence on the number of individuals who either intend to or actually use residence or citizenship by investment schemes to commit criminal acts (Surak 2024). But even relatively low levels of abuse can pose national security threats and undermine public confidence in these migration routes.

LESSONS FROM THE ‘BLIND FAITH’ PERIOD

Given these risks, it is essential for governments to carefully scrutinise the source of funds from investor visa applicants. The UK’s experience of the tier 1 investor visa between 2008 when it was introduced and 2015 – described by Transparency International UK as the ‘blind faith’ period – is an example of how not to do this. During this time, there was no requirement to take out a UK bank account before obtaining a visa. This meant that the Home Office assumed anti-money laundering checks would be carried out by banks after the visa was granted, while banks assumed that the granting of the visa signalled legitimacy. Therefore, neither the Home Office nor the banks carried out due diligence checks effectively (Transparency International UK 2015).

A Home Office review of the operation of the tier 1 investor visa route during this period identified a small number of cases which were “potentially at high risk of having obtained wealth through corruption or other illicit financial activity, and/or being engaged in serious and organised crime” (Home Office 2023). Separate research has identified several such cases including: a family member of the President of Azerbaijan who reached a settlement with the National Crime Agency after they suspected her funds could be connected to theft, embezzlement or corruption; a Russian businessman accused of money laundering; and a Bangladeshi former colonel who was later charged by the Bangladeshi authorities with terrorist financing and money laundering offences (Hawley et al 2021).

The Home Office review also found evidence that high-risk individuals would deliberately use financial institutions with less stringent due diligence checks in place (Home Office 2023). This highlights a conflict of interest risk for financial institutions which are tasked with carrying out due diligence checks on investor visa applicants. The risk continued beyond the ‘blind faith’ period because financial institutions, as opposed to the Home Office, played the predominant role in conducting checks (Kunz 2021).

STRATEGIES FOR MITIGATING SECURITY RISKS

Governments have taken various steps to reduce the risk of malign and criminal actors exploiting investor visa routes. Following the ‘blind faith’ period in the UK, the government introduced a requirement for applicants to open a UK regulated bank account before applying for an investor visa. In 2019, in an effort to counter money laundering risks, applicants were asked to submit evidence of the source of their funds if they had not held them for two years before applying, up from 90 days previously (Kunz 2021).

In the EU, there have been various efforts to tighten rules. Building on previous legislation, the EU’s sixth anti-money laundering directive says that member states must ensure a number of measures are in place for investment by residence schemes, including source of funds checks, periodic reassessments of medium/high-risk individuals, and publishing annual reports on the risks of money laundering and terrorist financing (Directive (EU) 2024/1640). This has been introduced alongside the directly applicable anti-money laundering regulation, which requires financial institutions and other obliged entities to carry out enhanced customer due diligence checks for non-EU citizens applying for residence by investment schemes (Regulation (EU) 2024/1624).

Under the Biden administration in the US, Congress passed the EB-5 Reform and Integrity Act of 2021. The act established a new EB-5 integrity fund to help enforcement efforts, based on fees from EB-5 regional centres and investors.⁴ It also introduced new record-keeping requirements for regional centres, banned people who had committed offences involving fraud in the prior decade from involvement in the centres, and gave US Citizenship and Immigration Services new powers to impose sanctions (EB-5 Reform and Integrity Act 2021).

Moreover, there are some countries which have chosen to close down their investor migration programmes entirely, often due in part to concerns over misuse. This includes Ireland’s Immigrant Investor Programme (IIP), the Netherlands’ foreign investor scheme, and, as noted above, the UK’s tier 1 investor visa.

⁴ Regional centres are federally approved entities which pool EB-5 investments to fund projects within a particular area.

Short of outright closure, the Financial Action Task Force (FATF) and the OECD have proposed a number of approaches for governments to adopt to mitigate abuse of investor migration pathways (FATF/OECD 2023). These include:

- creating a specialist agency or operational unit to manage the investor migration programme, including powers to oversee any third party due diligence providers
- ensuring that staff are qualified in relevant areas such as customer due diligence
- putting in place a robust funding model for the programme's compliance measures
- taking an approach that involves multi-tier vetting, where the government agency, immigration agents, and recipients of funds carry out separate checks on applicants
- banning inappropriate advertising by marketing agents which could encourage applications by malign actors
- carrying out interviews with applicants to understand why they want the visa or passport and to scrutinise their application documents
- capping overall numbers and allowing sufficient time for due diligence checks as part of the application process.

4.

RECOMMENDATIONS

As we have argued, the UK faces a persistent challenge of underinvestment. Investor migration programmes offer one potential way to help tackle this challenge, but recent experience shows that many have failed to deliver significant economic benefits and have exposed countries to security risks. So can investor visas be designed to support the domestic economy while mitigating risks?

In this chapter, we explore an approach which we think can work, learning both from the UK's past attempt to design an investor visa and from the international experience of administering such visas. Our recommendations centre on three key principles.

1. Driving additional investment into innovative, high-growth, and higher-risk areas of the economy.
2. Mitigating money laundering and illicit finance risks.
3. Creating a targeted and tightly managed migration pathway.

By addressing weaknesses in the old design and incorporating evolving international best practice, a redesigned investor visa would be better placed to achieve its economic objectives while maintaining public confidence in the integrity of the migration system.

HOW SHOULD AN INVESTMENT MIGRATION ROUTE BE DESIGNED?

Designing a new investment migration route requires clarity about both what high net worth individuals can contribute and what the UK economy most needs. While the language of an 'investor visa' implies an emphasis on investors' ability to identify and support successful firms, the principal economic value of most applicants is likely to derive from the capital they can deploy into the domestic economy. In this sense, investor migrants are analogous to other migration routes: skilled workers contribute labour; global talent holders contribute specialised expertise, creativity or research capability; and investor migrants provide capital.⁵

A redesigned investment route should therefore focus less on selecting applicants based on their ability to personally identify successful investments, and more on ensuring that their capital is channelled into productive and growth-enhancing parts of the economy. This suggests a model in which investor capital is directed through professionally managed funds or investment vehicles with demonstrable expertise in supporting innovative and high-growth firms.

WHAT SHOULD BE THE INVESTMENT VEHICLE?

We propose that applicants invest through a professionally managed pooled investment vehicle overseen by the British Business Bank (BBB). The funds would go to the investment vehicle and then be deployed by the BBB through its private sector partners. The BBB already works closely with institutional investors and

⁵ Individuals who do bring deep expertise in venture capital, entrepreneurship or innovation finance would be more suited to a different immigration route, such as a reformed and expanded global talent visa. However, this is beyond the scope of our paper.

private finance markets to improve access to finance for smaller and scaling firms. Rather than requiring applicants to invest directly into individual firms, applicants could invest into a diversified pooled vehicle overseen by the BBB and aligned with the government's industrial strategy goals.

We therefore suggest the UK pilots a visa linked to an investment vehicle overseen by the BBB, which we call the British business investment visa (BBIV). This could combine an upfront investment at application stage with staged investment commitments over time. A substantial initial fee, potentially in the range of £100,000–200,000, would recognise the administrative and governance costs associated with operating the scheme and managing a large-scale public investment vehicle. The income from these fees would be split between the Home Office and the BBB.⁶

Alongside this, visa holders should be required to make ongoing investments to retain their status. For example:

- £3 million invested upon entry
- followed by £1 million after two and a half years and a further £1 million after five years (at the point of applying for extensions or indefinite leave to remain (ILR)).

This would result in a total investment of £5 million over the course of the visa. This is substantially higher than the £2 million requirement under the previous investor visa. The optimal investment threshold would ultimately depend on modelling the relative costs and benefits of different investment levels, but £5 million was selected for this proposal because it reflects the investment figure most recently referenced in policy discussions (Stupples 2026).

The detailed structure of the vehicle and its investment conditions – including the balance between investor flexibility, capital certainty, and long-term economic impact – would ultimately need to be determined by the BBB. Potential features could include:

- minimum holding periods or staged withdrawal restrictions comparable to the long-term horizons used by pension funds and other institutional investors (10 years, for example), providing stability and predictability⁷
- a fixed rate of return for visa holders significantly below market rates (or a zero rate of return)⁸
- investment mandates aligned with the UK's industrial strategy, including support for scale-up firms, innovation-intensive sectors, regional growth priorities, and strategic technologies
- clear governance and transparency requirements to maintain investor confidence and ensure funds are directed toward productive economic activity.

ECONOMIC IMPACT OF ESTIMATED REVENUE

The original tier 1 investor visa issued approximately 300–1,000 visas annually before the route closed in 2022 (Home Office 2026). Given the higher investment threshold and greater scrutiny proposed under the

6 The Home Office portion would go towards the BBIV integrity fund, as discussed later in this chapter.

7 Given this may last beyond the qualifying period for ILR, minimum holding periods would need to be enforced without relying on immigration policy measures. This could be done through significant early withdrawal penalties, for example.

8 The rationale for a low rate of return is that it might be argued the BBB could access this capital from alternative sources to visa holders. Based on this argument, the benefit to the UK would arise from the differential between the cost of capital from usual sources and the cost of capital through the BBIV.

BBIV, a conservative assumption for the British BBIV would be around 100 successful main applicants per year.

Under this model, annual inflows into the vehicle could evolve as follows:

- **Year 1:** £300 million from the first visa cohort
- **Year 2:** £300 million from the second visa cohort
- **Year 3:** £300 million from the third visa cohort, plus £75 million from the first cohort, assuming 75 per cent apply for extension
- **Year 4:** £300 million from the fourth visa cohort, plus £75 million from the second cohort, assuming 75 per cent apply for extension
- **Year 5:** £300 million from the fifth visa cohort, plus £75 million from the third cohort, assuming 75 per cent apply for extension, and £50 million from the first cohort, assuming 50 per cent apply for ILR.

Over time, annual inflows could stabilise at approximately £425 million once the scheme reaches maturity.

If invested through a BBB-managed growth capital vehicle, these inflows could generate substantial economic additionality compared to passive asset classes. Based on existing BBB impact estimates for 2025 (BBB 2025b), an additional £425 million invested annually could support the following.

- **Approximately £300 million in additional private investment**, through crowding-in effects, based on estimates that every £1 invested by the BBB mobilises around £0.80 of private sector capital.
- Significant increases in economic output. BBB analysis indicates that £3.8 billion of investment and lending guarantees through BBB growth funds has been associated with approximately £8 billion in additional economic output over time, implying a multiplier effect of roughly 2.1x. On this basis, a £425 million annual investment programme could support approximately **£900 million in additional GVA**.
- Large-scale employment impacts. Based on previous BBB estimates that £3.8 billion of investment and lending guarantees supported around 38,000 jobs, a £425 million annual investment programme could **support approximately 4,000 additional jobs across high-growth firms and sectors.**⁹

The precise scale of these impacts would depend on portfolio composition and wider economic conditions. Existing funds which the BBB works with encompass various asset classes across debt and equity, and it is expected that BBIV funds would go towards meeting both the equity and debt gaps in British investment. Evidence suggests that the BBB has delivered substantial economic additionality, and a well-designed investor visa linked to the BBB's strategic mandate could generate outsized long-term benefits for the UK economy.

RISK MITIGATION

As discussed in chapter 3, investor visas are vulnerable to abuse by malign and criminal actors – in particular through money laundering, fraud, and corruption. Any attempt to reintroduce a visa of this type must be robust to misuse, since otherwise it will pose national security risks and undermine public confidence in the immigration system. For these reasons, we propose a number of crucial risk mitigations which should be implemented alongside a piloted BBIV.

First, following the US approach discussed above, we propose that a proportion of the fee income from the BBIV goes into a BBIV integrity fund, which is used to resource a new specialist operational unit within the Home Office to conduct due

9 Estimates are based on lifetime economic impacts for each new inflow of £425 million annually

diligence checks on BBIV applications. The unit should be staffed with trained professionals who have expertise in anti-money laundering investigations and forensic accounting. We suggest that the bulk of checks should be done in-house to avoid the potential conflicts of interest that emerged under the previous tier 1 investor visa. To add an extra layer of security, there should be an initial Home Office vetting stage for applicants, where only those who pass are invited to make a full application. The Home Office should take a precautionary approach to these checks: an application would only be granted where there is reliable record keeping in place that demonstrates the source of funds.¹⁰

Second, we recommend that the Home Office implements bans for certain countries identified as posing a high-risk jurisdiction for money laundering (HMT 2026). The ban should also include Russia, in line with wider economic sanctions imposed following the Russian invasion of Ukraine. While it may be argued that these bans could face legal challenges on the basis that they discriminate by nationality, we note that precedents already exist for nationality-based bans in other parts of the immigration system.

Third, there should be an annual cap on the number of BBIVs issued (such as 100–150 grants per annum, aside from dependants). Based on the FATF/OECD recommendation, this would help to manage the number of applications that the Home Office’s specialist operational unit must assess and reduce the risk of inadvertently admitting malign actors or individuals with illicit wealth. There should also be a service standard of sufficient length in place to ensure that due diligence checks are not rushed by officials.

Fourth, the BBIV should not offer a fast track to permanent residence or citizenship. As discussed above, investment by citizenship schemes are more vulnerable to abuse than their investment by residence counterparts. There is also a principled objection to the idea that British citizenship can in effect be ‘bought’ by the wealthy. While permanent residence is distinct from citizenship, in practice it gives rise to many of the same rights and benefits. BBIV holders should therefore face the same rules for obtaining permanent residence or citizenship as other routes, including requirements on residency. Under the current policy this would mean a five-year wait for ILR and an additional year for citizenship. Continuous residence is required, which means that periods of more than 180 days out of the UK would be considered a break in residence. The government is currently consulting on reforming the pathway to settlement; again, we do not recommend that BBIV holders automatically get a fast track to settlement or citizenship under these proposals.

Finally, we have suggested that the BBIV should be a pilot. After one year of operation, the Independent Chief Inspector of Borders and Immigration (ICIBI) should conduct a review of the route to investigate compliance and security risks. Only if the route is shown to pose a minimal risk of misuse should the BBIV be extended beyond its pilot phase. At a later stage, the Migration Advisory Committee (MAC) should also be commissioned to evaluate the economic impact of the visa route once there are sufficient data and evidence to make a well-rounded assessment. This would provide the necessary checks to ensure that the scheme only lasts for the long term if it provides a meaningful economic benefit, does not jeopardise national security, and upholds the integrity of the immigration system.

¹⁰ There may also need to be additional conditions in place on the purchase of residential properties, in order to manage money laundering risks and potential impacts on house prices. However, given there are currently no restrictions on property purchases in the UK for any overseas buyer (beyond anti money laundering checks), we consider that this should be part of a wider policy discussion and is beyond the scope of this report.

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The image features a solid salmon-colored background. A large, dark teal shape is positioned on the right side, extending from the top edge down to the bottom edge. The teal shape has a curved top edge that follows the curve of the salmon background. On the left side, the teal shape has a vertical edge that is slightly offset from the left edge of the page, creating a rectangular cutout. The bottom edge of the teal shape is also curved, mirroring the curve of the salmon background at the bottom.

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