

Finance Innovation Lab

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Acknowledgments



pfc social impact advisors thanks Partners for a New Economy and its partners—the MAVA, Oak, Marisla, and KR Foundations—for the support of this program of study. We also thank Jesse Griffiths, CEO of Finance Innovation Lab for his commitment to sharing the origin and evolution of the Finance Innovation Lab and its efforts to build a financial system in the UK that is democratic, sustainable, just and resilient. pfc also extends a sincere appreciation to the Finance Innovation Lab staff and their partners and peers who participated in the interviews and shared research (see Appendix A). Their honesty and candour represented in this case analysis exemplify a learning organisation and Deliberate Leadership. Their real voices and stories of innovation, challenge, and change are what make this an exceptional global learning tool.

Finally, a special thanks to the pfc staff and consultants who contributed their research, writing, editing, and design skills—Jim Litwin, Shannon Fitzgerald (lead writer), Mick Blowfield, Lori Walek, and Paula Smith.

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Introduction



As 2020 dawned, the world was only beginning to see a flickering of the global pandemic that would soon dominate international consciousness. As Covid-19 progressed and leadership around the world responded in countless ways with varying levels of success, it was obvious that this was not a simple problem that could be solved using traditional thinking. Nearly every person, community, and country in the world was not only in some way affected, but deeply involved. What was technically a health crisis created political fractures, magnified racial and class inequities, and ultimately exposed a world unprepared to deal with the consequences of its interconnectedness.

In May 2020, the murder of George Floyd in Minneapolis, MN, led to a racial reckoning that may have seemed out of proportion if viewed through a linear-thinking perspective. Through a linear lens, the conviction and sentencing of the white police officer who killed Floyd would indicate the solution to the problem. However, what became obvious was that the murder was a symptom of a much larger problem that ranges from the culture of law enforcement, to failed police reform, to a long and deep history of systemic racism in the US.

As the pandemic became endemic and the urgency of survival subsided, it became obvious that the crisis created financial winners and losers. US billionaires realized a 62% (\$1.8 trillion) increase in wealth between March 2020 and August 2021 while during the same period, 86 million Americans lost jobs and many more struggled with long-term loss of savings and health.¹ As the world continues to emerge from the resulting financial crisis, inflation and the threat of recession continue to plague those who are already most economically vulnerable.

Each of these are examples of problems that need to be examined as the complex system-level challenges that they are. In this case study, we will explore a number of ways to address questions like these that are unable to be solved with linear thinking. To begin, we will set up frameworks to think about these sorts of problems, including the definition of Wicked Problems, ideas for Deliberate Leadership, and a summary of the study of Systems Thinking and Systems Change. The case will then explore the Finance Innovation Lab (The Lab) and their use of some methods of Systems Thinking to change financial systems in the UK to be more human- and climate-focused. We will discuss the Lab's Theory of Change, strategic initiatives, and ambitious goals as they pertain to tackling these problems. Finally, we will consider ways to use Systems Change Thinking and evaluate its potential for achieving large-scale systemic change.

Frameworks for Case Analysis



Though there are a number of ways to examine important issues, some topics such as inequities in global economies are particularly perplexing. An understanding of the theories of Wicked Problems and Deliberate Leadership, and an explanation of Systems Thinking and Systems Change will provide a foundation for analysis.

Wicked Problems

The 2008 global financial crisis, the ongoing global climate crisis, and the COVID-19 pandemic have all revealed the interconnectivity and interdependence of our human and environmental systems. An over-leveraged and under-regulated real estate market in the United States can crash world economies. The warming of our oceans by just one degree can decimate marine diversity, destroy coastal cities and island countries, and prompt consideration of “climate refugees” –a new category of displaced people. A pandemic that starts in one country can kill hundreds of thousands of people around the world, and simultaneously disrupt economies across the globe. To the positive, however, decades of consistent academic, government, and private sector research into the nature of pandemics and vaccines can concurrently initiate the rapid development of a safe and effective vaccine.

These challenges are all examples of “Wicked Problems,” the kind of challenge that doesn’t lend itself to simple solutions. Wicked Problems are messy, systemic and large. They are not problems we have seen before, and so we don’t have ready-made answers. In fact, the solution to one problem may be unacceptably detrimental to another one. Rittel and Webber have set out ten characteristics of Wicked Problems that point to potential approaches (see Table 1)². They point out that these problems may never be completely solved, and that every solution can be the symptom of another problem. Every course of action taken or not taken will have consequences. Moreover, how one chooses to define a problem determines how it will be resolved. Potential reactions, ripple effects, and trade-offs must be carefully considered when determining how to address shared challenges.



Table 1: Rittel and Webber's ten characteristics of Wicked Problems

Characteristics of wicked problems:

1. They have no definitive formulation.
2. They have no stopping rule, or are never completely solved.
3. Their solutions are not true-or-false, but good-or-bad.
4. The repercussions of a Wicked Problem's solution can never be fully appraised.
5. Every attempted solution counts significantly, leaving traces that cannot be undone.
6. They do not have an exhaustive set of potential solutions and it is not possible to prove that eversolution has been identified and considered.
7. Each one is essentially unique.
8. Each one can be considered a symptom of another problem.
9. One's choice of explanation for a Wicked Problem determines the nature of the problem's resolution.
10. Those who attempt to solve them are held liable for the consequences of the actions they generate.

Deliberate Leadership

Deliberate Leadership is a response to the challenges of Wicked Problems, and is based on proven business and social sector theory and practice. Its framework blends recognized adaptive leadership strategies that create lasting positive impact within the communities most affected by systemic challenges and within the organizations addressing them.

Deliberate leaders must consistently display the following seven core characteristics (the 7Cs) to maximize learning and demonstrate flexibility:

Courage. They embrace risk and live with ambiguity. Deliberate Leaders recognize that simple solutions are insufficient to address complex challenges. They also realize that risk is inherent to Wicked Problems; solutions must be tried, tested, and allowed to evolve.

Collaboration. They seek out and listen to divergent viewpoints. Deliberate Leaders recognize that collaboration may be slow and uncomfortable, but that it is essential to understanding options, gaining new knowledge, and building powerful solutions.

Community. They build solutions together from the ground up. Deliberate Leaders recognize that answers to tough issues may already reside in Positive Deviants. They seek uncommon answers to difficult situations, identify those who offer fresh and unique perspectives, and place people at the center of decision making.





Candor. They speak and hear the truth about what is working and what isn't. Deliberate Leaders embrace failure and success equally—internally and among partners—to manage risk and allow for recalibration and innovation.

Creativity. They can imagine a new future and move beyond the constraints of the past. Deliberate Leaders look for “big ideas” and evolving practices through scenarios that envision a different future.

Capital. They examine how financial and non-financial resources are invested and impact is analyzed.

Compassion. They understand how deploying empathy and partnership, rather than ego, can positively impact the power dynamics within and surrounding an organization.

The 7Cs show some of the qualities that leaders need to exhibit to effectively address economic challenges at local, national, regional, and international levels. They must create, nurture, and continually reinforce an organizational culture dedicated to open and honest learning and adaptation, communication, and diverse stakeholder involvement. They also need to develop systems thinking rather than linear problem-solving. Feedback and the inclusion of multiple, diverse voices allow leadership to operationalize the 7Cs. As Donella Meadows stated, the elements of the 7Cs give leaders the “power to transcend paradigms,” a skill that Meadows considers to be the most powerful lever of systemic change.³

Systems Thinking and Systems Change

“Systems thinking is an interdisciplinary approach to understanding how different parts of the systems relate to each other, how systems work and evolve over time and what outcomes they produce. Systems change is an application of that thinking to real world situations.”

— *Observatory of Public Sector Innovation, Systems Change Guide*⁴



One way to address Wicked Problems is through Systems Thinking, and by using a Systems Change approach to problem solving.

To clearly define Systems Thinking and Systems Change, it is important to clarify the definition of a “system.” In their paper “Systems Change: A Guide to What It Is And How To Do It,” the authors outline three characteristics of systems:

Characteristics of Systems

- Systems are composed of multiple components of different types, both tangible and intangible. They include, for example, people, resources and services, as well as relationships, values, and perceptions.
- Systems exist in an environment, have boundaries, exhibit behaviors, and are made up of both interdependent and connected parts, causes and effects.
- Social systems are often complex and involve intractable, or ‘wicked’, problems⁵

One of the challenges with Systems Thinking is that there are no hard answers to classifying problems. For some, the components of the global response to the pandemic are medical experts, public health dollars, and vaccine manufacturers. Others may include political leaders, economic and public policy initiatives, mask mandates, and vaccine deniers. Even others may add community centers, careful communication, and an understanding of the sometimes-sordid history of public health in specific communities. Where do the boundaries exist when evaluating George Floyd’s murder? Do they end within the confines of the police department, or do they extend to the police union, the overall community, or even to the long history of racism in the US? The goal of Systems Thinking is not to overlook these complexities, but to understand how they coexist and evolve, and the impact that they create.

Systems Change uses this recognition of complex systems to approach real-world problems. It acknowledges that often change will only be accomplished after understanding current assumptions, relationships, structures, and attitudes to challenge existing values with the goal of shifting accepted paradigms. It is important to note that change to a system is not inherently good or bad, but is dependent on perspective. Systems Thinking is a tool that can be used to evaluate system change from many perspectives.

Systems Change focuses on shifting and transforming mental models and mindsets, including underlying assumptions about how things work that create patterns of behavior and influence relationships. When the root causes and complexities of how a system works are understood and addressed, people are better able to understand and solve the problems that are living in these systems. The outcome of this work is systems that work more effectively for society, that are more resilient to change, and that support just, sustainable, and compassionate communities.⁶



Systems Change is intentional, purposeful, and may include tactics such as:

- Building a community of people who are thinking and acting systemically
- Empowering and supporting leaders with the power to influence systems
- Connecting networks of stakeholders both within the system and across systems
- Building capacity and processes to engage

Systems Thinking

The goal of intentional Systems Change for social impact is to go beyond changing policy and practices (though these can play a part) to shift ways of thinking that dictate the often unconscious patterns that underly the way a society works. These shifts create improved behaviors and attitudes toward one another and develop stronger ties to community, building a more integrated society. There are multiple ways to approach this practice, but the following should be carefully considered and integrated:

- **Understand needs and assets**

Clarifying the needs and assets of everybody and everything within the system gives a greater understanding of what can and should be changed.

- **Engage multiple actors**

Including the voices of a variety of perspectives can provide insight on what needs to shift to create change.

- **Map the systems**

An accurate description of how the system works; this can be a literal map or any number of other tools. The ability to see the system helps to explain why change is necessary and how to approach that change.

- **Do it together**

Collaboration provides more ideas, shared resources, multiple levels of power, and support for the group as a whole throughout the Systems Change process.

- **Distribute leadership**

Top-down leadership tends to be antithetical to a Systems Change approach that benefits from collaboration and shared learning.

- **Foster a learning culture**

Ongoing and iterative learning is crucial to Systems Thinking. A constant cycle of planning, doing, reviewing, and reflecting at both individual and group levels allows for increasing clarity and quick corrections to move a solution forward.

These principles can occur in any particular order and can be approached in many different ways. All point to the importance of clarity and collaboration to effectively employ Systems Change.

Finance Innovation Lab



Finance Innovation Lab (The Lab) uses a Systems Change approach in the UK to “transform the financial system for people and planet.” Since 2009, they have been actively working to define and clarify the current system, including boundaries, needs and assets, stakeholders, and collaborators interested in creating change. Using this information, they have developed partnerships and implemented programs to continue to inform and implement this change throughout the UK.

“Our financial system has become disconnected from the real needs of people, the environment, the wider economy and society. Dysfunctions in the financial system lie at the root of many of today’s challenges, from climate change and economic crises, to poverty, marginalization, and inequality.”¹

History

Beginning in 2009, Finance Innovation Lab emerged in partnership with the World Wildlife Fund and ICAEW with the idea to interview dozens of people from different parts of the UK financial system to answer the question, “What would a finance system look like that served people and planet?” Initial conversations with fifty people made it clear that the current system was ripe for change, and that there were many who would be interested in continuing the dialogue. Over the past decade, The Lab has continued to both expand and refine its approach by consistently evaluating and shifting their work using an iterative approach. During this time they have led fellowships, facilitated convenings, supported communities, and responded to current policy and events within the financial ecosystem with reports and public comments.

Mission, Vision, and Values⁷

The Finance Innovation Lab builds power to transform the financial system for people and planet.

The Lab’s vision is a financial system that serves people and planet, one which is:

- **Democratic:** a transparent and accountable financial system, where all people can participate in the rule-making and institutions that shape it.
- **Sustainable:** a financial system that helps meet society’s long-term needs and supports human flourishing on a thriving planet.
- **Just:** a financial system that promotes diversity and equality and protects human rights.
- **Resilient:** a financial system that provides security and stability for all, and for the real economy.



The Lab's core values are:

- Ambition – holding true to our transformative vision with bravery based on a fundamental commitment to learning.
- Collaboration – achieving change with others who share our ambition, being accountable, and acting with humility.
- Empowerment – acting in solidarity with those marginalized by the financial system, approaching ourselves and others with love and care, and creating spaces where everyone can participate.

Finance as a System

While it seems obvious that finance is a system, it is important to note that it may be a more complex system or a different system than it initially appears. As the current system most universally accepted in western culture, neoliberal economics makes a number of assumptions that do not seem so universally true when put under a spotlight in 2022:

- The market will always correct itself, when left to its own devices (free markets).
- Free markets can achieve a state of equilibrium where supply and demand are matched, making the market highly efficient.
- What is best for the individual is what is best for society as a whole; “rational self-interest” is ultimately good for everyone.
- Individuals define “what is rational” in the same way, and individuals always make rational decisions when given full information.
- It is possible to have complete information to make a fully informed decision about every economic decision made as an individual, an organization, or a country.
- Whatever generates the greatest utility or profit in a short period of time is the most rational and valuable course of action.

While these assumptions may have made sense for some decades, when faced with current economic inequalities that are an outcome of this model, it is no longer clear that they hold true. This system must be reevaluated to include all stakeholders, to hear multiple voices as opposed to only the voices of those in power, and to rebuild the system boundaries to hold these pieces. The Lab's roots are in these questions, and their strategy is intended to create changes to a system defined by this expanded boundary.



Foundations for Change

Finance Innovation Lab has spent considerable time and effort defining, understanding, and mapping the financial system that they are committed to changing. Using this information, they have defined two key foundations that must be shifted to create change in the current financial system:

Mental models

A mental model is a set of ideas formed from any number of experiences, ideas, and inputs and then is used by a person to help frame and define their world. These mental models are used as rational “shortcuts” by people who all must make constant decisions about their lives. Shifting the mental models of a group of people will shift their attitudes, behavior, and the decisions they make as they interact in the world.

Most members of the current financial system in the UK have a mental model that aligns with neoliberal economics as described above. This model has been promoted as the only logical idea for so long that people no longer question its assumptions and make even subconscious decisions based on its paradigms. A fundamental shift from this mental model by a significant number of people would be instrumental in changing the system.

Power dynamics

Power dynamics within a system determine how the system operates, who gets the most influence, and whose interests prevail. A shift in power dynamics changes who makes decisions and how those decisions are made, with the potential of creating a greater balance for all stakeholders. This is particularly true within the financial system, which tends to be driven by top-down decisions passed down by leaders who are committed to maintaining the status quo.

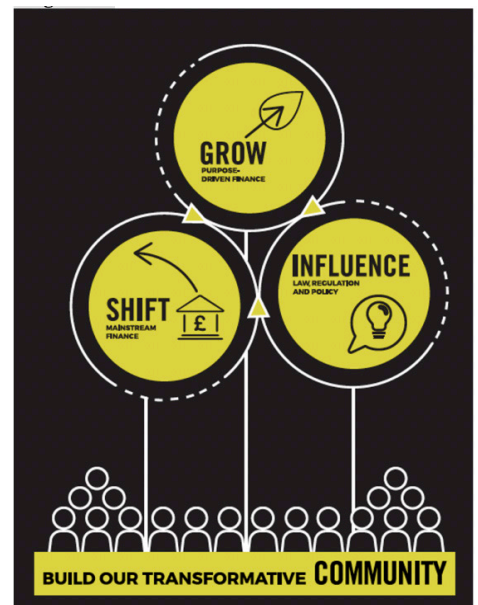
Strategies and Tactics

The Lab focuses on two key strategies and four primary tactics (Diagram 1) for transforming the financial system in the UK:

Cultivating a powerful community of systems-changemakers: Cultivating a community from inside and outside the financial system, including innovators and influencers from values-based finance, fintech, mainstream finance, civil society organisations, governmental organisations and academia.

Working on high impact initiatives with clear leverage points: Working on initiatives that can achieve concrete changes that shift mental models and power dynamics to transform the financial system

Diagram 1



The Finance Innovation Lab Strategy 2020-2030, financeinnovationlab.org/wp-content/uploads/2020/12/FIL-2030-Strategy_FINAL-external.pdf



Tactic 1: Building Community

We build the power of our community by developing its size and diversity, facilitating connections, nourishing the people within it, advancing new thinking, and by supporting the development and growth of initiatives for change.

The Lab's 2030 goal is that [the] community of committed and connected systems-changemakers have demonstrated their power to transform the financial sector and grow purpose-driven finance, shift mainstream finance, shrink unaccountable finance, and influence law, regulation and policy.

Community is fundamental to a Systems Change mindset and is the foundation for the rest of The Lab's work. Not only is collaboration a way to gather, understand, and challenge new ideas, but iterative learning and a true learning culture are supported by multiple viewpoints. Systems are changed through a community-wide shift in mental models and power dynamics. The Lab engages with its community daily through various channels, but it also grows and supports its community in three specific ways:

Outreach

Existing community members are given multiple opportunities to remain connected to The Lab through a monthly newsletter, regular blog posts, and an active Twitter presence. In addition to these public-facing resources, current community members often act as a key source of recruitment to grow the overall size of the community.

Activities and Events

Quarterly virtual events provide outreach while also connecting, supporting, and inspiring community members. There are additional events specifically for those with marginalized identities, including the Women in Financial Innovation network and the People of Colour in Financial Innovation network. Finally, community members can take advantage of a tailored matchmaking program that connects individuals to one another. All these events are co-created by community members and facilitated by either LAB staff or community members.

Thought Engagement

Following the Systems Change principle of creating a learning culture, The Lab connects to its community through thought engagement, different from thought leadership in that The Lab works to develop ideas in collaboration with its community and beyond. This engagement centers around publications, speaking engagements, live discussions and debates, a monthly digest of key news in the sector, and other opportunities. Lab staff, board members, Fellowship alumni, and the Lab's well-respected network of Senior Fellows collaborate to complete the work.

“We’re only interested in partnerships, because we’re a community power-building organization. So we’re only interested in what we can do with other people and groups.”

— Jesse Griffiths, CEO



Tactic 2: Shifting Mainstream Finance

Mainstream players such as banks and pension and insurance funds will have to shift their activities significantly if we are to meet our environmental and social goals.

The Lab's 2030 goal is that mainstream financial organizations have aligned their core business activities to deliver a less than 1.5°C increase in global temperature – in line with the Paris Agreement – through financing a just and regenerative economy.⁹

One way to implement Systems Change is by challenging the current system and transforming the mental models that hold it in place. Using organizational and leadership development tools, as well as mentoring and coaching tactics, The Lab works toward this change with three main activities:

Individual Intrapreneurs

The Lab recruits, connects, and resources individuals working within the current financial system to create a network of influencers who already have power at banks and other financial institutions. The Lab facilitates networking events, webinars, one-on-one coaching sessions, and training workshops throughout the year to support these intrapreneurs. In 2022, they will also host a nine-month Climate Safe Lending Fellowship to further resource this community.

Institutions

The Lab works directly with banks in strategic partnership, providing advice, coaching and cross-sector connections enabling the banks to realign their purpose, products and services to a just transition, embedding this in their strategy, culture and operations.¹⁰

Insights and Influencing

The Lab commits time and effort to research and analysis of the financial system and how it impacts people and planet. Documentation in the form of briefings, reports, blogs, and presentations is available publicly, to the Lab community, and directly to industry leaders, policymakers, and regulatory organizations. Adding an alternative voice to the conversation helps to shift assumptions over time.

Climate Safe Lending Fellowship

In partnership with the Climate Safe Lending Network, this six-month leadership development program provides intensive support to a select group of 20-25 banking professionals who are committed to influencing faster and greater climate action within their institutions. Cohorts are curated from mainstream global and domestic banks as well as from smaller community banks. They tend to be mid- to senior-level leaders, with roles split between ESG and business functions such as risk, portfolio management, and learning and development. Fellows are trained in emerging new practices in climate finance, and given tools, skills, and networks that give them greater influence to act as “climate intrapreneurs” within their organizations and in the greater banking community.



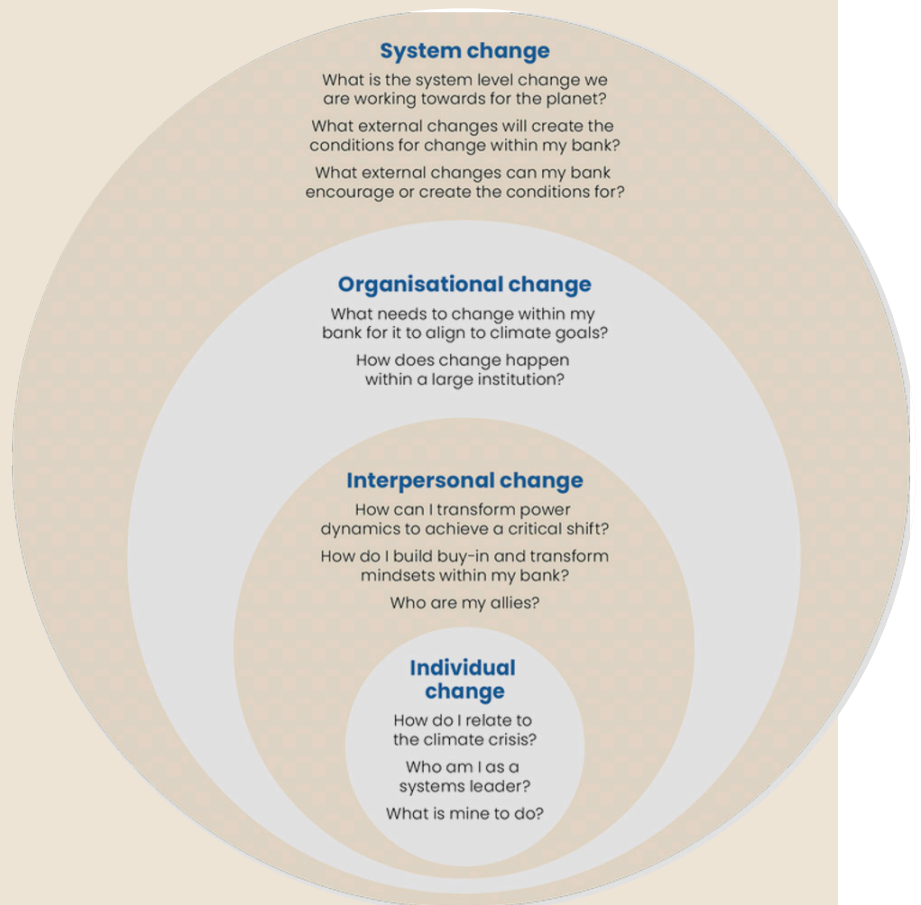
The fellowship program focuses on individual change as the starting point for organizational and system change. It guides participants through four interconnected levels of transformation crucial to the work of a climate leader (Diagram 2):¹¹

After completing the fellowship, in addition to ongoing membership in the Learning Lab community, participants become members of the Climate Safe Lending Network that affords them access to a larger community of stakeholders committed to accelerating bank climate action. Insights and themes from the gatherings are shared through a Network newsletter to a wider range of stakeholders engaged in the work.

The Climate Safe Lending Network

The Climate Safe Lending Network is an international multi-stakeholder collaborative dedicated to accelerating the decarbonization of the banking sector to secure a climate-safe world. The Network brings together senior leaders and changemakers within banks, NGOs, academics, investors, businesses, and policy experts to collectively explore how they can play their optimum role in accelerating change.¹²

Diagram 2



Climate Safe Lending Fellowship Program Structure;
<https://www.climatesafelending.org/fellowship>



Tactic 3: Growing Purpose-Driven Finance

Significantly expanding the size and impact of financial institutions that put social and environmental purpose at the heart of their ownership, mandate, governance, culture, and business models will be key to building the financial system of the future.

The Lab's 2030 goal is that purpose-driven financial institutions become mainstream in the UK, with a significant proportion of the public using them, and with purpose-driven financial institutions holding an important share of total assets.¹³

Another way to affect Systems Change is by providing a vision for a better system and supporting and promoting those taking the steps toward achieving that vision. The Lab's main initiative in this area was the Fellowship Program, which ran every two years until 2019 and "incubates promising innovators to develop initiatives that put social and environmental impact at their heart and develops their ability to lead systemic change in finance."¹⁴

The Fellowship Program began in 2016 with the Lab Fellowship, followed by the Financial Health Fellowship in 2017 and the Data Fellowship in 2019. Each round gives fellows the opportunity to test and refine ideas, build business strategies, and develop leadership qualities through strategy sessions, peer coaching, specialist workshops, and residential retreats. The program currently has forty alumni who remain part of the Lab's larger community.

In addition to the fellowship, the Lab is currently in the exploration stages of a partnership initiative that will help scale up the existing purpose-driven finance community. Following Systems Change principles, the Lab is in the process of creating partnerships, understanding needs, and learning more from the community as they decide what this initiative should be. In the process, they are supporting the organizations in this partnership by advocating for them with the policymakers within their network.

"The Climate Safe Lending Fellowship programme is a deeply transformative, engaging and impactful undertaking for global sustainable finance leaders. It is a safe platform to probe, reflect and contribute ideas on progressing the 'just transition' dialogue."

— CSL Fellow 2021/22



The Fellowship Program

The Lab has sponsored three fellowship rounds over the past six years, each following a similar structural model while focusing on different aspects of the financial sector. The fellowships are supported by experts across the financial sector, and include monthly group strategy sessions, peer coaching, residential retreats, specialist workshops, and other topic-specific events. Insights from the fellowships have been shared with government leaders and presented at events.

In 2016, the Lab piloted its first Lab Fellowship specifically designed for innovators in finance working on a wide range of social and environmental causes. The initial fellowship included sixteen members focused on a variety of causes. This initial fellowship round informed both the structure and focus of the following rounds, including the Climate Safe Lending Fellowship.

In 2017, the Lab partnered with Toynbee Hall to create the Financial Health Fellowship, with ten fellows specifically creating projects that “support financial well-being by offering access to fairly priced financial products that take a holistic view of financial health.”¹⁵ This fellowship included innovators in cooperative banking, financial education, and fintech designed to improve financial health. Participants were given opportunities to pitch their ideas to mentors and potential investors, participate in workshops with policymakers, and gain knowledge specific to their product and the sector as a whole.¹⁶

The 2019 Fellowship focused on the power of data and gathered entrepreneurs who are innovating to create financial solutions that serve people and planet. The Fellowship led to a new Lab program, Transforming Data, an ongoing effort to “educate and amplify the voices of civil society around financial data, and to influence regulation so that it minimises the risks and maximises the opportunities of digital transformation.”¹⁷

An external evaluation of the Financial Health Fellowship found that it positively impacted its participants by:¹⁸

- Improving knowledge of the ‘poverty premium’ and the needs of people in poor financial health.
- Developing business purpose and organizational culture aligned with social value.
- Boosting communication skills and the ability to lead a team and business.
- Raising confidence to navigate the wider financial system.
- Enabling collaboration amongst purpose-driven innovators.

Comments from fellows from all three Fellowship rounds support these findings.

I wanted to meet other people working for change, to find the right partnerships and re-install a sense of purpose to my work. Additionally I wanted to raise the profile of NestEgg and see how it could contribute to wider systems change. All of this, and more, has been delivered.

— Adrian Davis, NestEgg¹⁹



Tactic 4: Influencing Law, Regulation, And Policy

The financial system is structured by policy and regulation which define the playing field and rules of the game, and the system's alignment with environmental and social goals. These rules hold the key to creating or incentivizing major transformative change to the system.

The Lab's 2030 goals are to help bring about:

- *a powerful voice for social and environmental justice driving change in financial policy and regulatory decision making;*
- *a new mental model in policy making in which the purpose of financial policy and regulation is to improve social and environmental outcomes; and*
- *financial regulation, law, policy, and industry standards that support and oblige financial institutions to align to the Paris Agreement and just transition principles.²⁰*

Systems Change requires an understanding of what the rules are, how to create change within them, and how to change the rules themselves. The work that the Lab is doing to shift the current financial system and to grow a purpose-driven financial system must be done within the context of the current rules and with an understanding of how those rules are followed and changed. Connections to and influence over those who hold the power in this system can be a critical means of Systems Change.

The Finance Innovation Lab focuses on two key sectors as it seeks to influence law, regulation, and policy:

Financial Sector Policy

The Lab recognizes that the UK is at a critical decision-making juncture as it develops new financial strategies to successfully emerge from the pandemic economic crisis and Brexit. It is taking advantage of this moment by actively developing and promoting alternative policy proposals that put people and planet at the center of the financial system. They are also meeting with sector influencers, holding workshops, hosting listservs for sharing information, and coordinating with others to create the most effective engagement with decision makers.

Data-driven Finance

The Lab has also recognized that, because data-driven finance is a new system, it still has the opportunity to be shaped by a new system developed for social and environmental purpose. Through the Transforming Data Network, the Lab is influencing the leaders and decision makers in this sector to consider how digital transformation could improve the financial system, rather than exacerbating the inadequacies of the current system and creating further risk.



Finance For Our Future Campaign

The Lab has taken a lead role in the Finance for our Future campaign, which is a coalition of over 30 organizations in the UK “Standing together for a UK financial sector ready to tackle our most urgent challenges, not repeat the mistakes of the past.”²²

Through this coalition, the Lab is campaigning to improve the “Future Regulatory Framework” by using what the government has called a “once-in-a-generation opportunity” to ensure that new rules for the financial sector prioritize a more fair long-term economy. This includes focusing on four key topics: climate, inclusion, stability, and accountability.

The campaign launched with a joint statement from thirty-seven public interest groups including the Lab in February 2022. The statement includes six specific recommendations in response to the government’s proposals put forth in the Future Regulatory Framework.²³ The Lab has assumed a leadership role in the coalition to advocate for these recommendations as the Financial Services and Markets Bill continues to be under debate. In September 2022, the House of Commons library briefing of the bill highlights the campaign’s concerns in the response and opposition sections of its report. The report included Tweets from the Lab and quotes from reports written by Marloes Nicholls that raised concerns about the focus on global financial competitiveness over the concerns outlined by the campaign.²⁴



Conclusion



Finance Innovation Lab, they have a methodology where they work with people, they bring them together, and it's all about getting them to focus on the mental models around addressing complex challenges...[it's] a proven, excellent, unique methodology.

— Kimberly Jutze, MD, *Climate Safe Lending Network*

Finance Innovation Lab is a small organization with the immense goal of changing a well-established and accepted system in the UK. Systems Change requires an understanding of the system as it currently works, a vision of what the system could be, and purposeful, considered action that is also flexible and iterative. Shifting foundational paradigms such as mental models and power dynamics requires a growing community of people who are committed to continuing to move toward the ultimate goal. It is important to understand that progress will most likely be slow and not always linear.

Since its inception, the Lab has been thoughtful, expansive, and inclusive. Its focus has been on building and growing a community of collaborators to join in the work. It has defined and mapped the current system and set a vision for what it could be. The Lab has identified and is connected with many of those who hold power in the current system and provides these leaders with alternatives to the status quo. It has supported a culture of collaborative learning and facilitated a network for those who need guidance and resources as they affect change within their own organizations.

As a small organization with expansive goals facing a large systemic problem, the Lab must confront issues of capacity, including financial and human resources. Since Systems Change models are non-linear and cannot always point to specific outcomes, traditional funders and funding models may be slow to lend their support to organizations following this model. The Lab has seen success in expanding its community within the boundaries of a specific and carefully developed culture that may not sustain rapid growth. Within the Lab, capacity is approached as a conversation about scaling impact, as opposed to scaling the organization. As Lydia Hascott, Head of Intrapreneurship at the Lab, observes, “Working with and through others, through coalitions, through partnerships, through collaboration is a valid way to grow. Replicating our small model in lots of different places is as valid a way to scale impact as to grow a giant team to do this work.”²⁶ The immediate effects of this approach may be difficult to quantify, but the urgent need for true systemic change just might require new thinking and a fresh approach.



Discussion Questions

How would you address the problem of capacity for Systems Change? How big must an organization be to effect change?

Are there aspects of Systems Change thinking that the Finance Innovation Lab could implement more effectively? What tactics could the Lab use that it may currently be missing?

One interviewee commented that, in an organization such as the Finance Innovation Lab, “Either you can go broad or you can go deep.” Which approach does the Lab choose? How might it implement the other approach? Which approach is the most effective and why?



¹<https://financeinnovationlab.org/our-work/>

²Horst W.J. Rittel and Melvin M. Webber, "Dilemmas in a General Theory of Planning," *Policy Sciences* 4 (1973): 155-169.

³Grint, Keith. "Wicked Problems and Clumsy Solutions: the Role of Leadership" *Clinical Leader* 1, no.11, (December 2008), <http://leadershipforchange.org.uk/wp-content/uploads/Keith-Grint-Wicked-Problems.pdf>.

⁴<https://oecd-opsi.org/guide/systems-change/>

⁵*Systems Change A Guide To What It Is And How To Do It*, Rob Abercrombie, Ellen Harries and Rachel Wharton, June 2015

⁶<https://www.rockpa.org/wp-content/uploads/2018/10/10-20-RockPA-Scaling-Solutions-02-WEB-1.pdf>

⁷FIL Strategy 2020-30 p 2

⁸<https://financeinnovationlab.org/our-work/community/>

⁹<https://financeinnovationlab.org/our-work/shift/>

¹⁰GP Outcome Framework Workplan 2122

¹¹<https://www.climatesafelending.org/fellowship>

¹²<https://www.climatesafelending.org/about>

¹³<https://financeinnovationlab.org/our-work/grow/>

¹⁴GP Outcome Framework Workplan 2122

¹⁵<https://financeinnovationlab.org/our-work/fellowship/alumni/>

¹⁶<https://financeinnovationlab.org/wp-content/uploads/2017/03/Programme-structure.pdf>

¹⁷<https://financeinnovationlab.org/projects/data-fellowship/>

¹⁸<https://financeinnovationlab.org/wp-content/uploads/2018/07/Evaluation-of-the-Financial-Health-Fellowship-Final-Report-1.pdf>

¹⁹<https://financeinnovationlab.org/projects/data-fellowship/>

²⁰<https://financeinnovationlab.org/our-work/influence/>

²¹<https://financeforourfuture.org/>

²²<https://financeforourfuture.org/>

²³<https://financeforourfuture.org/joint-statement>

²⁴<https://commonslibrary.parliament.uk/research-briefings/cbp-9594/>

²⁵Finance Innovation Lab [@The FinanceLab]. "The Financial Services & Markets Bill will fundamentally rewrite the rules of our financial sector" Twitter, August 8, 2022, twitter.com/TheFinanceLab/status/1556580986556596224

²⁶Interview transcript, Lydia Hascott

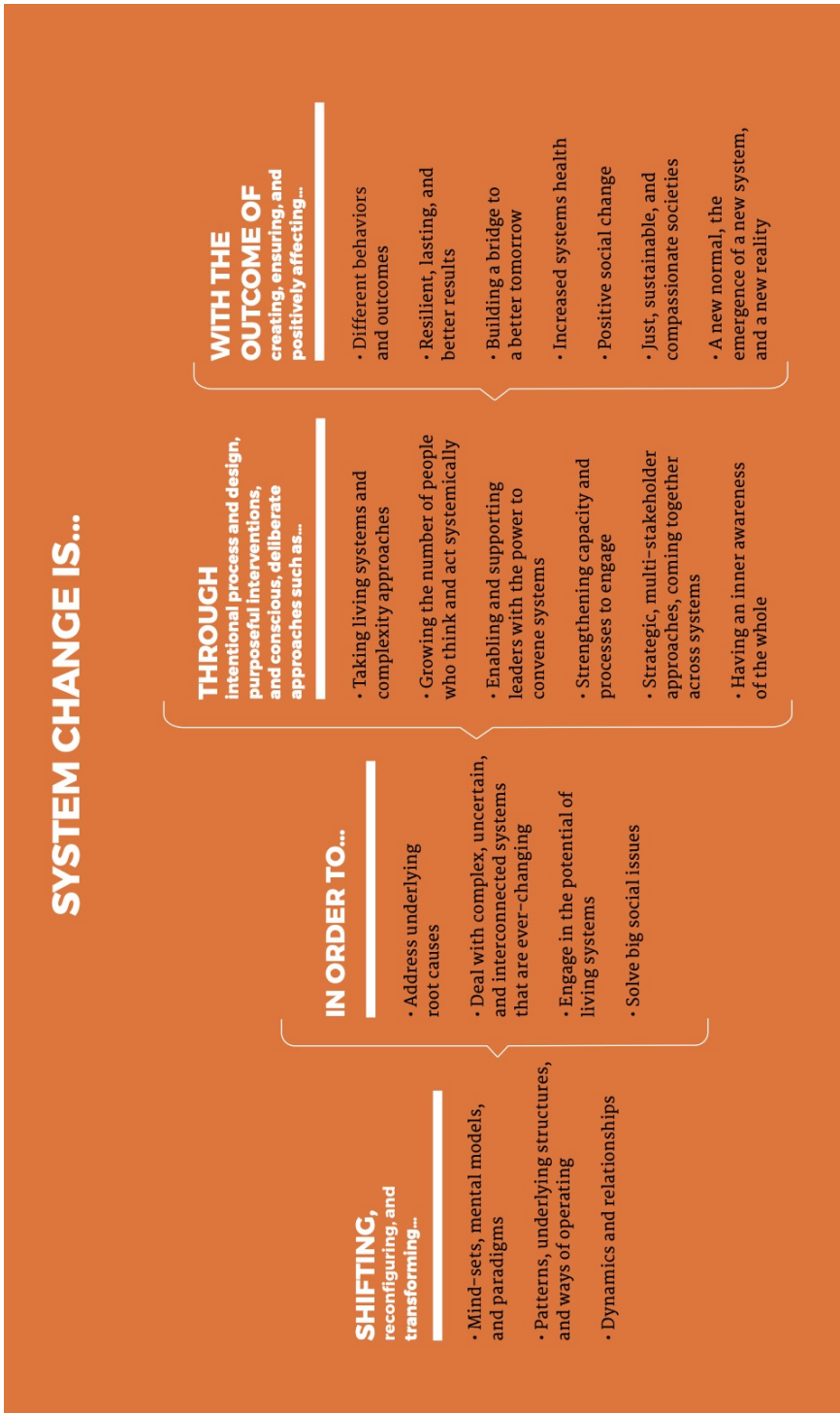


Appendix A: List of Interviewees

Name	Organization	Title
Finance Innovation Team		
Jesse Griffiths	Finance Innovation Lab	Chief Executive Officer
Rebecca Sumner Smith	Finance Innovation Lab	Chief Operating Officer
Lydia Hascott	Finance Innovation Lab	Head of Intrapreneurship (previous)
Marloes Nicholls	Finance Innovation Lab	Head of Policy and Advocacy
David Fagleman	Finance Innovation Lab	Advocacy Associate
Finance Innovation Trustees		
Kit Beazley	Finance Innovation Lab	Trustee - Chair
David Carrington	Finance Innovation Lab	Trustee - Vice Chair
Casey Lord	Finance Innovation Lab	Trustee
Advisors, Implementers, Practitioners, Observers		
Sue Charman	World Wildlife Fund	Director of Corporate Stewardship (retired)
Kimberley Jutze	Climate Safe Lending Network	Managing Director



Appendix B: Systems Change Table



System Change Summary, “Scaling Solutions Toward Shifting Systems: Approaches For Impact, Approaches For Learning,” Rockefeller Philanthropy Advisors. www.rockpa.org/wp-content/uploads/2018/10/10-20-RockPA-Scaling-Solutions-02-WEB-1.pdf