



A BANKER'S GUIDE TO TRANSFORMING FINANCE

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ABOUT FINANCE INNOVATION LAB

The Finance Innovation Lab is a UK-based charity working for a financial system that serves people and planet – one that is democratic, sustainable, just and resilient. The Lab began as a collaboration between WWF-UK and the Chartered Institute of Accountants in England and Wales in 2009, and became an independent charity in 2015. Today, we cultivate a community of systems-changemakers and work on initiatives that impact mental models and power dynamics in finance for deep, lasting change. Our work focuses on growing purpose-driven finance, shifting mainstream finance, influencing law, regulation and policy, and building the power of our community.

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EXECUTIVE SUMMARY

Over the past two years, the Finance Innovation Lab has conducted a strategic learning project to address the following question:

What is the role of banking professionals in transforming mainstream financial institutions from the inside so they better serve people and planet?

This report shares our findings and an emerging vision for transforming banking from within, so that it serves ecological integrity and human wellbeing.

The purpose gap in banking

We begin with a focus on the purpose of banking – a system which deploys and facilitates the use of money ultimately for the purpose of enabling us to achieve our goals, as individuals, communities, and as societies. Finance Innovation Lab’s vision for a financial system which fulfils this purpose is one which is democratic, sustainable, just and resilient.

Individual banks within this kind of financial system have a clear organisational purpose rooted in long-term benefit to people and planet, embedding this at the core of their strategy, operations and culture. They are grounded in the real economy, building strong relationships of shared prosperity with clients, customers and wider stakeholders. These kinds of banks transparently establish and report on targets for maximising their positive and minimising their negative impacts, with effective governance frameworks in place for accountability. The staff body is diverse and the culture collaborative, with employees empowered to make purpose-aligned decisions in their everyday work.

Within mainstream banking today, an observable gap exists between this conception of a bank and the nature of most large institutions in practice. We can call this the ‘purpose gap’. Deep institutional transformation is required to close it. This is a

complex, difficult and sometimes painful endeavour, as organisational systems are optimised to preserve the status quo. Sometimes this commitment to becoming a purpose-driven bank is led from the top down. Very often, it is not, and it falls to banking professionals at other levels to instigate change.

Systemic intrapreneurs

We describe purpose-driven finance professionals who are using their careers to close the purpose gap within banks as *systemic intrapreneurs*.

SYSTEMIC INTRAPRENEUR (n):

An employee seeking to transform a financial institution from within by aligning strategy, operations and culture with positive social and environmental outcomes.

Systemic intrapreneurs see a very clear gap between their shared vision for a banking system that serves people and planet, and what they experience in practice through their day-to-day work. While uncomfortable, it is the frustration and unacceptability of this gap that drives them to create change.

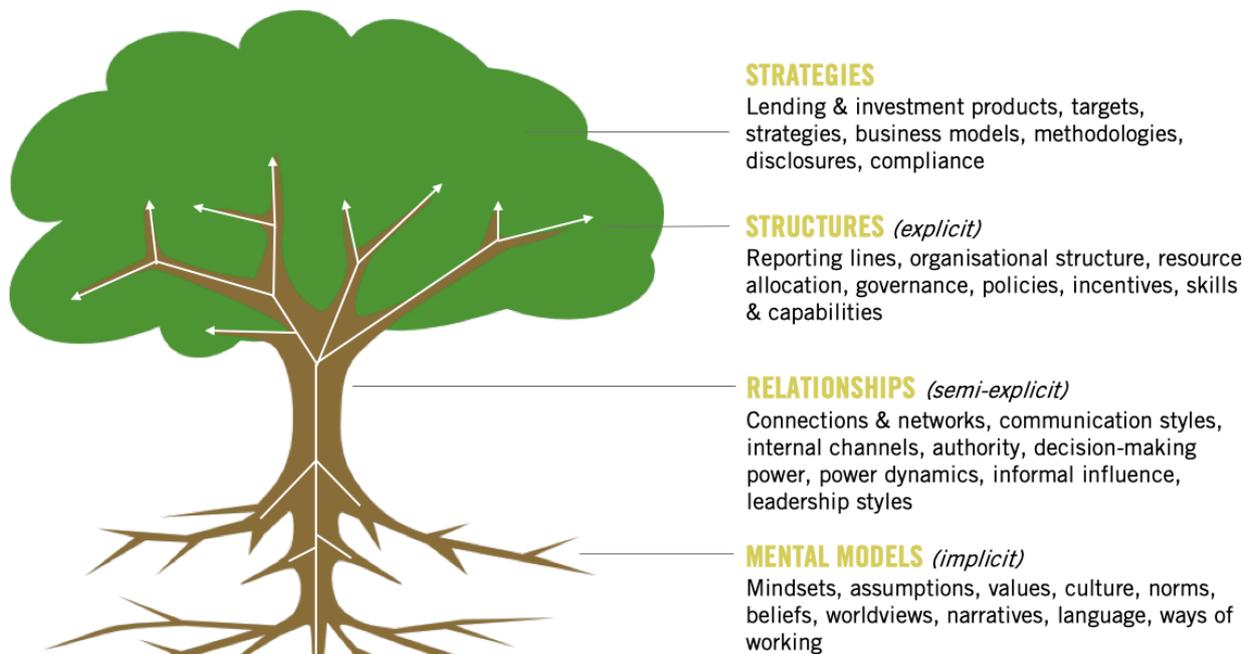
These banking professionals are *intrapreneurs* in that they are acting entrepreneurially within an institution. They are *systemic* in that they drive transformational change at levels deeper than products and services alone – shifting organisational structures, relationships, power dynamics, mindsets and culture.

Being a systemic intrapreneur is not a role; it is a way of working. They exist in every part of an institution, from front office to back, from intern to Chief Executive. Every employee of a bank can act as a systemic intrapreneur by looking for opportunities within their day job to close the purpose gap, with or without an institutional mandate.

Leverage points for change

There are four interconnected opportunity spaces where a systemic intrapreneur can influence change within a bank. These are: strategies, structures, relationships and mental models. These are called leverage

points – places within a complex system where a small shift in one thing can produce big ripple effects of change. We present these four types of leverage point using the metaphor of a tree (see image below).



Systemic intrapreneurs seek to influence change across a range of interdependent leverage points in four key ways:

1. They 'scale deep', moving down the tree to shift interrelated conditions that hold the status quo in place.
2. They know that no individual can transform an institution on their own, so they seek to collaborate with those shifting connected leverage points to achieve a shared goal.
3. They seek to embed transformative change over the long term by embedding shifts in mindset and power dynamics within organisational structures and strategies.
4. They also influence changes in their bank's external context to create an enabling environment for internal change.

There are three common archetypes of systemic intrapreneur:

- **The Pioneer:** Directly develops or implements purpose-driven strategies, frameworks, methodologies and innovations
- **The Champion:** Creates institutional space (resources, relationships, mandates, protection) for others to act as systemic intrapreneurs
- **The Guide:** Builds internal capacity for systemic intrapreneurship, creates new connections and helps other systemic intrapreneurs to navigate internal channels.

In doing this work, systemic intrapreneurs face some common challenges: isolation, confrontation, misunderstanding, instability and risk, exhaustion, discrimination, and frustration.

On a good day, being a systemic intrapreneur feels exciting, revolutionary, exhilarating – something systemic intrapreneurs would happily spend their nights and weekends working on. On a bad day, systemic intrapreneurship feels pressured, political, draining and dangerous – like “*always swimming upstream*”.

Supporting systemic intrapreneurs

Systemic intrapreneurs share some common capabilities enabling them to overcome these challenges and drive positive change. These capabilities include:

- **Personal competencies** that give confidence and direction to the individual intrapreneur including clarity of purpose, self-awareness, risk appetite and resilience.
- **Interpersonal capabilities** that enable effective collaboration with others such as power literacy, collaboration skills and the ability to build strong relationships and empower others.
- **Systems change skills** such as systems thinking, systemic diagnosis, systemic innovation and working with emergence and complexity.

The role of Finance Innovation Lab

We have found that Finance Innovation Lab can play a vital role in fostering systemic intrapreneurship, through our capabilities as a

skilled convenor with insider-outsider credibility in banking and our expertise in incubating purpose-driven financial innovators. This strategic learning process has shown us that we can effectively support systemic intrapreneurs in three key areas:

- **Framing:** Offering a conceptual framing for their identity as systemic intrapreneurs and a shared vision for change
- **Relationships:** Enabling them to build mutual relationships for peer support and networks for collaborating on change strategies
- **Skills:** Developing their collaborative leadership and systemic innovation skills for designing and implementing organisational transformation.

Moving forward

Moving forward we will: continue to grow a cross-institutional community of systemic intrapreneurs; work in strategic partnership with mainstream banks to support their purpose-driven transformations; and share our insights to influence wider industry narratives and the regulatory and policy environment toward purpose-driven banking.

We invite banking professionals and their institutions to join us on this ongoing journey, as we learn how positive change can be catalysed from within, and banking can be transformed so that it fulfils its purpose of serving people and planet.

INTRODUCTION

More than a decade after the global financial crisis – and with less than a decade to prevent catastrophic climate changeⁱ – our banking system is still contributing to serious social and environmental issues and economic instability. Since the 2015 Paris Agreement 35 global banks have invested \$2.7 trillion into fossil fuel companiesⁱⁱ which is twice the size of their sustainable investment commitmentsⁱⁱⁱ. Between 2008-2018 only 10% of bank lending was directed into the productive economy with the rest invested in property and financial markets. Black-owned businesses are four times less likely to be approved for loans^{iv} and individuals are less likely to be treated fairly by their bank if they are elderly, poor, female or black^v.

These issues among many others indicate that deep transformation of our banking system is required – from the level of purpose, values and mindsets through to the business processes and products that drive banks' impact in the world. This level of change will not be achieved through customer and investor demand, NGO campaigning and regulatory pressure alone – banks themselves must be supported and challenged to transform themselves from the inside out.

To this end, in late 2018 Finance Innovation Lab launched a two-year strategic learning process to build relationships and influence with UK banks and catalyse a transformation in the banking system so that it finances a more just and sustainable world. Our inquiry centred on understanding the role of banking professionals in transforming their own institutions from within, in service of people and planet.

Through this work we sought answers to the following questions:

1. Who are the finance professionals transforming banking institutions from within?
2. In what ways are they creating change in their organisation and industry?
3. What are the structural and behavioural barriers to change experienced by these professionals?
4. What skills, capabilities and support do they need to lead transformative change in a large institution?
5. What are the characteristics of strategy, culture and operations in a bank that genuinely serves people and planet?

The scope of this work focused on the largest retail and commercial banks in the UK. Within these institutions, we sought to work with employees who are aligned with Finance Innovation Lab's vision for finance, and are actively influencing change within their institution towards these ends. We now call these professionals *systemic intrapreneurs*.

Over the past two years we have built an engaged community of systemic intrapreneurs, connecting them with one another for peer learning and testing a series of initiatives to understand the support they require. We have facilitated peer learning sessions, led workshops on systems thinking and purpose-led innovation, provided leadership coaching, hosted webinars on transformation from within, and engaged directly with senior decision-makers in major banking institutions.

This report shares the key themes emerging from the experiences of this community of changemakers and our engagement with them.

THE BANKING PURPOSE GAP

What is the purpose of banking?

Why does the banking system exist? In our landmark report *The Regulatory Compass*^{vi} we identify five immediate purposes served by the financial system: creating money, channelling money, looking after other people's money, sharing risk, and maintaining transaction and settlement systems. But these are not the ultimate purpose of banking. We must dig deeper and ask: what do we need these things for?

Ultimately, banking creates, deploys and facilitates the use of money for the purpose of enabling us to achieve our goals as individuals, as communities, and as a society. Individual and community goals will be many and varied – they are for banks to discover, not to determine. However, the United Nations Sustainable Development Goals (UN SDGs)^{vii} provide a useful proxy for what collective goals the banking system should exist to facilitate. The UN SDGs are seventeen interconnected goals creating a globally recognised blueprint to achieve a sustainable future for all.

What kind of banking system achieves this purpose?

Since Finance Innovation Lab's inception in 2009, we have worked with our community to develop a vision for a banking system that enables individuals, communities and societies to meet their goals. This is a banking system that 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.

What does a good bank look like in this kind of system?

While each bank's corporate purpose will be different, we can establish a general set of principles for the characteristics of a bank fit-for-purpose in this kind of banking system.

A range of frameworks exist communicating what this kind of a bank might look like, including the United Nations Principles for Responsible Banking^{viii} and the Principles of Values-Based Banking from the Global Alliance for Banking on Values^{ix}. Drawing on these we can say that a fit-for-purpose bank is one that:

1. Has a clear organisational purpose grounded in long-term benefit to people and planet
2. Embeds this purpose at the core of its strategy, operations and culture
3. Is grounded in the real economy, building strong relationships of shared prosperity with clients, customers and communities
4. Transparently establishes and reports on targets for maximising its positive and minimising its negative impacts
5. Establishes effective governance frameworks which lock its purpose in and facilitate accountability
6. Embeds these principles in a diverse, equitable and collaborative culture where employees are empowered to make purpose-aligned decisions that deliver real impact.

The case study below provides an example of a bank articulating its purpose and vision in alignment with the broader purpose of the banking system. US based Amalgamated Bank^x communicates its intention to contribute to the wider purpose of banking through achieving an aligned corporate purpose that draws on its unique assets, capabilities and relationships as an institution.

The purpose gap

It is clear however that mainstream banks are not fit-for-purpose when it comes to delivering a democratic, sustainable, just and resilient banking system. There is a gap between the above principles and current business behaviour. We call this ‘the purpose gap’.

The purpose gap is evident in the banking sector on the whole. Less than half of globally significant banks’ capital is deployed to the real economy compared to 70% of values-based banks within the Global Alliance for

Banking on Values.^{xi} In Britain, 1.5 million people remain unbanked with the level of consumer debt tripling over the last two decades^{xii} and the UK’s financially vulnerable paid half of banks’ £2.4 billion in overdraft charges in 2017.^{xiii}

Since the financial crisis, North American and European banks have been fined \$372 billion in penalties for regulatory offenses misconduct, anti-competitive practices, money laundering, LIBOR manipulation and mis-selling such as PPI;^{xiv} and in 2018, the number of complaints to the Financial Conduct Authority about harassment, bullying and homophobia jumped by 220%^{xv} despite breakdowns in whistleblowing processes^{xvi}.

Many banking professionals see a very clear gap between this vision for a banking system that serves people and planet and what they experience in practice through their day-to-day work. While uncomfortable, it is the frustration and unacceptability of this gap that drives some of them to create change.



The gap between intent and impacts is real but never measured or talked about.”

- SYSTEMIC INTRAPRENEUR

“It’s a shock that there are so many powerful leaders talking up how banks are contributing when those working on the ground have a very different view of the reality.

- SYSTEMIC INTRAPRENEUR



CASE STUDY: AMALGAMATED BANK^{xvii}

Vision for the banking system: Banking that furthers economic, social and environmental justice.

Bank purpose: To be America's socially responsible bank empowering organizations and individuals to advance positive social change.

Resurrect our industry's mission: Empowering people

Banks can be a tremendous power for good. The banking industry must return to its founding mission of creating financial opportunity for everyone, not just for our executives or shareholders. Our economy thrives when financial empowerment is shared. Through affordable and accessible products and services, banks can reclaim our role in making sure that the mission of financial empowerment becomes a reality.

Customer trust must come first

Banking relies on trust. A robust system of lending, saving and investing is central to a strong economy. Customers must trust their banks are never drifting from their fiduciary responsibility to maximize our customers' financial opportunities. Breeding an internal corporate culture founded on an unwavering commitment to protecting customer trust is at the core of maximizing financial opportunity and preventing systemic financial failure.

Regulation is not the enemy

Banks have been given an extraordinary responsibility. With that opportunity, along with the government's insurance of deposits, come regulations designed to protect consumers. Rather than challenge sensible regulation, responsible banks should embrace such measures as tools designed not only to safeguard consumer confidence, but to protect the solvency of an industry with inherent risks, and to preserve the integrity of our overall financial infrastructure.

Find value in economic justice

Banks' interest in broad-based economic empowerment should include advocacy on policy beyond our customers' banking needs. And we should not reserve the benefits of banking for the few, while the rest of America incurs its risk. Whether it is wage fairness, equitable housing programs, or better access to financial services for the unbanked or underbanked, banks should be forceful advocates for public policy that allows for the creation of financial opportunity up and down the economic ladder.

Embrace transparency

Banking can be a complicated business. But too often that is by design, rather than necessity. Banks must embrace transparency and corporate governance standards that bolster consumer confidence and allow for real public accountability. An opaque banking system will always undermine banks' legitimacy by its inability to inspire trust or empower those who need our services most. We must take an active role in educating consumers on personal finance and in improving financial literacy in our most economically vulnerable communities.

SYSTEMIC INTRAPRENEURS

SYSTEMIC INTRAPRENEUR (n):

An employee seeking to transform a financial institution from within by aligning strategy, operations and culture with positive social and environmental outcomes.

We have termed purpose-driven bankers who are using their careers to close the purpose gap within banks *systemic intrapreneurs*.

These professionals are *intrapreneurs* in that they are acting entrepreneurially from within an institution, though not always formally. They are *systemic* in that they drive transformational change at levels deeper than products and services alone - shifting organisational structures, relationships, mindsets and culture to put ecological and human needs at the core of their organisations.

Large institutions tend towards inertia and have corporate immune systems that resist and reject changes to the status quo^{xviii}. To enable the major transformation required for bank behaviour to align with a socially useful purpose, systemic intrapreneurs recognise that the work required is a deep, adaptive shift. This involves transforming mindsets, relationships, narratives and culture in order to see structures, strategies and products deliver fundamentally different outcomes.



A year ago, I reached a point where I was attracted to the financial world but was missing the broad meaning and positive impact of what I'm doing. I don't want to wait to do something about it when I'm forty and wealthy. I want to have an impact right now."

- SYSTEMIC INTRAPRENEUR

Systemic intrapreneurs within banking are diverse and varied in background, role, seniority and personal identity, but they share some common characteristics. For the purposes of this work they are:

1. Employees of a mainstream banking institution;
2. Aligned to the vision of a banking system that exists to serve people and planet;
3. Actively working to close a gap between this vision and the current status quo of banking from within their institution; and,
4. Committed to staying within banking to create that change.

Systemic intrapreneurship is a 'how' more than a 'what'. Being a systemic intrapreneur is not a role; it is a way of working. This means systemic intrapreneurs can exist in every part of an institution from front office to back, from entry-level roles to Chief Executive. Every employee of a bank can act as a systemic intrapreneur by looking for opportunities within their day job to close the purpose gap.

Systemic intrapreneur archetypes

We have observed three common archetypes of systemic intrapreneur. It is important to note that none of these are more important than any other. All types of intrapreneur are required to collectively shift an institution. While Champions may have more formal power to provide access to resources and make decisions in an organisation, Pioneers are necessary for experimenting with and implementing new approaches and Guides are essential for breaking down silos and building capacity across all parts of the institution.

THE PIONEER

The Pioneer is the doer - the banking professional who is directly working to create change within the heart of business-as-usual. The Pioneer is often on the front lines of proposition-led change – designing products or services that have positive impact, or kickstarting initiatives and committees, such as diversity, equity and inclusion networks. They are motivated by the frustration they feel about aspects of their organisation that are not fit for purpose.

The Pioneer has the ability to influence how work is done on the ground within certain parameters, but requires the support of Champions and Guides to help shift those constraints where required. The Pioneer wants support to build their internal influence, identify allies, maintain their resilience, and develop confidence in their identity as a systemic intrapreneur.

THE CHAMPION

The Champion creates safe spaces in the organisation for others to act as systemic intrapreneurs. Often in management or senior leadership roles, the Champion is a defender of the Pioneers, who rely on them to make progress. They are able to influence budgets, mandates and the rules by which other systemic intrapreneurs do their work on the ground.

The Champion is often motivated by a concern for the world they are passing on to future generations, a desire to leave a positive legacy as they enter the later stages of their career, or they are awakening to a long-held sense of discomfort about the impact of their industry in the world.

The Champion wants support to deepen their understanding of the failings of finance, develop their vision for a fit for purpose banking system, connect with fellow Champions, and build relationships with purpose-driven leaders outside their organisation.

THE GUIDE

The Guide is also an enabler of other systemic intrapreneurs, but this time as a mentor and confidant. Guides are often in roles related to organisational transformation, innovation or learning and development. They have strong relationships of trust with colleagues in diverse parts of the bank and have broad external networks.

The Guide helps other systemic intrapreneurs to navigate internal channels, providing introductions and insights on the informal dynamics of the organisation. They often have a direct route in to the Executive Committee and see part of their role as shifting the mindsets of senior leaders, to whom they are often formal or informal confidants.

The Guide is driven by a strong commitment to social transformation and may have previously worked in roles outside the banking world, giving them a well-developed vision for what ‘good’ looks like. The Guide’s main challenge is limited capacity. They value support that provides additional capacity to do what they themselves do, along with connections to a community of likeminded peers who share their feelings of being a “*lone prophet*” within a banking institution.

Leverage points for change

Financial institutions are complex human systems made up of highly interdependent parts which can feel impossible for an individual to shift on their own. To an individual banker, influencing any change can feel like “*trying to turn the Titanic*” or being “*a lone voice against a super tanker*”.

Even when they are successful, changing one product or policy isn't enough to move the needle; a much deeper shift is required. Systemic intrapreneurs recognise that there are certain places in their institution where “*a small shift in one thing can produce big changes in everything*”^{xix}. These are called leverage points.

In engaging with a range of systemic intrapreneurs over the past two years we began to map their various change efforts and integrate this with frameworks from the field of systems change to identify the range of leverage points at which they work and their interdependence. From this emerged our model of *Leverage Points for Systemic Intrapreneurship in Banks*^{xx} which lays out four types of leverage point where a systemic intrapreneur can influence change within a bank. These are: strategies; structures; relationships and mental models.

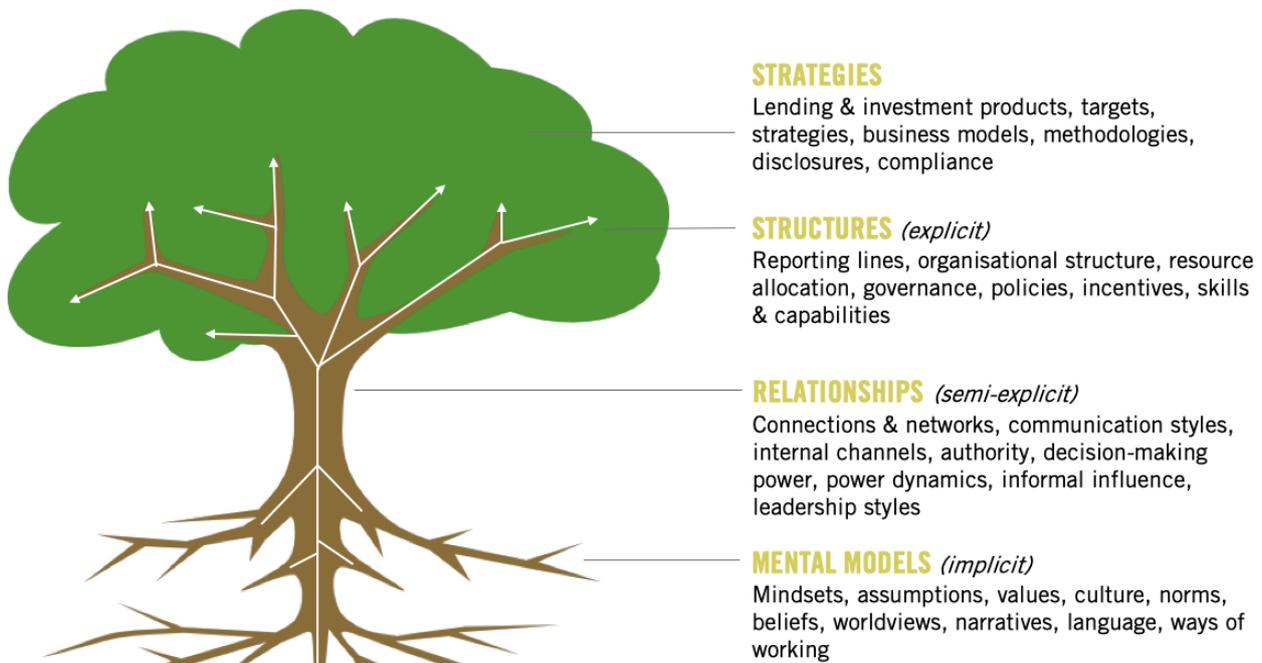


Figure 1 - Leverage points for systemic intrapreneurship in banks

The foundational layer underpinning all else is **MENTAL MODELS** (tree roots). These are the mindsets, norms, assumptions and narratives that fundamentally shape views of what is possible and what relationships, organisational structures and strategies are appropriate and valued. Organisations are at their essence networks of **RELATIONSHIPS** (tree trunk). Our mental models influence how we

connect and communicate (or don't) with one another and how power is distributed across the organisational system. The resulting power dynamics then determine what institutional **STRUCTURES** (tree branches) are built. Finally, these structures and the relationships and mental models that support them enable certain **STRATEGIES** (tree leaves) to grow over others.

It is important to note that these four levels are interdependent and not easily separable. For every financial product or policy there are underlying organisational structures, relationships, power dynamics and mental models that have enabled it to materialise. When certain strategies (e.g. fossil fuel investment) feel entrenched, identifying and transforming underlying factors at the roots, trunk and branches, can create the conditions for making change possible at the leaf canopy.



We started at the structures point. We thought that tweaking policies would create change up and down, but we're now at a bit of a stalemate as we've done the structural change but we need culture change for that to really affect products and services."

- SYSTEMIC INTRAPRENEUR

A range of organisations and bodies of knowledge exist supporting organisational change at the strategies and structures levels, particularly in the domains of sustainable innovation and organisational change. However, far less attention is paid to transforming relationships, power dynamics and mental models despite them being powerful leverage points for wide scale bank transformation. Finance Innovation Lab's expertise lies in supporting change agents to influence these deeper leverage points and embed them in structures and strategies.

The relationship layer of the tree framework describes the nature and quality of connections and communication among

individuals and groups, and the distribution of power and influence. Organisations are fundamentally human systems: it is people who have created them and people who maintain them every day. Transforming relationships within the institution is a powerful strategy for change.

There is a two-way flow up and down the tree, as many structures influence relationships – for example, silos created by organisational structure determine who is in relationship and communication with who and who is marginalised or excluded. Authentic relationships of trust are also the key to transforming mental models further down the tree.

Every banking professional can be a systemic intrapreneur at the relationships leverage point, as its starting point simply involves choosing to engage with colleagues differently through everyday work. Appendix 2 provides examples of relationships and power dynamics in a purpose-driven bank.

Systemic intrapreneurs often start by influencing change at one level, but over time recognise interconnections with other layers and begin to widen their focus. Change at one level of the tree might not be able to be sustained unless other layers of the tree change, too.

For example, many sustainability professionals begin in the leaf canopy designing new green finance propositions (strategies), but the systemic intrapreneurs amongst them realise this won't make other investments within business as usual more sustainable unless colleague mindsets are challenged (mental models), relationships can be built with key decision makers in core business units (relationships), and the sustainability team reports in to the CEO rather than sitting in a CSR function (structures).

The interdependence of the different leverage points has four implications for the strategies of systemic intrapreneurs:

1. Scale deep for greater impact: Systemic intrapreneurs deploy the strategy of ‘scaling deep’ - descending down the tree to influence structures, relationships and mental models in order to change strategies.^{xxi} This can bring about greater change than a ‘scaling out’ strategy of replicating successful approaches at one level alone.

2. Collaborate to shift interrelated conditions: While systemic intrapreneurs see a range of leverage points which collectively need to be transformed; there is only so much they can do on their own. This is where collaborating with others is essential, as there will be limits to the time, resources, network and knowledge of a single intrapreneur.

Identifying allies who are influencing interconnected leverage points and building a collaborative network is essential for the shifting of multiple, interrelated factors that entrench the status quo.

3. Embed change for the long term: While shifting mental models and building new relationships can be deeply transformative, focusing at this

level alone is a risky endeavour in a financial institution.

Staff turnover and progression in banks see people moving on quickly, so culture change must be operationalised and embedded in policies, processes and structures (working back up the tree) for it to survive after key influencers leave.

As one systemic intrapreneur put it:
“Structures influence behaviour. Structures are how you embed change so you don’t have to wake up every day fighting.”

4. Think beyond organisational boundaries: A bank doesn’t operate in a vacuum; it is a system within a wider system. There will also be leverage points outside the institution that influence how the bank behaves, for example, financial regulation, quarterly reporting cycles, public narratives and industry norms.

It is critical that a movement of systemic intrapreneurs within banking collaborates with wider actors for change across the banking system and beyond to create the conditions for more radical and much needed change.

“I was asked to put a climate policy in place. Essentially, I was asked to come up with the leaves and flowers for the tree, but with no roots [mental models] in place to support them. When you don’t have the mindset to support the structures, the old mindset catches up fast. For example, the origination team don’t want the additional limitations they feel a sustainability focus would bring. Relationships need to come before structures to properly implement policies.



- SYSTEMIC INTRAPRENEUR

ALEX'S STORY: MAKING SUSTAINABILITY EVERYONE'S JOB

Alex works in a middle-office role within investment banking at a multinational bank, and has been on a journey towards embedding environmental justice in their work.

When Alex joined the bank in 2017, they believed in the bank's values, which included a focus on social impact. A challenge was set for employees to pitch a product that had positive impact. Alex and a team of colleagues came up with an idea that seemed like a "*no-brainer*", with a strong business case and low cost. But the challenges to implementation proved too great to bring it to reality.

Despite the bank initiating the challenge, and unanimous positive feedback about the idea, the team had a lack of relevant contacts. Whenever they did make contacts, those people left the bank, changed roles, or became unresponsive. Eventually, the team were told that the timing wasn't right, due to a restructure and strategy changes. However, the experience taught Alex the importance of identifying senior leaders' priorities and drivers.

As this project was side-of-desk, Alex felt pressure to show that it was not impacting the delivery or quality of their usual work. In their view, social and environmental impact should be integral to every banker's work, not just a side project. But Alex was nervous to talk about their ideas openly, especially ones that could be seen as being critical of their employer. They feel it is important for senior management to encourage people with great ideas to voice them.

Over time, Alex learned that many colleagues across the bank have low awareness of environmental issues but a high interest in learning more. So they collaborated with peers to launch an internal environmental network. To kickstart it, they contacted a well-connected colleague who facilitated an introduction to a Managing Director at the firm. The Director proved to be an invaluable sponsor, and with their support, the network became a quick success, and they continue to hold regular events and meetings and publish a newsletter.

For Alex, the greatest job satisfaction comes from aligning their day job with environmental issues, and they are always looking for opportunities to make this happen. For example, the environment network has enabled Alex to connect colleagues to provide sustainable financing to companies. In doing so, Alex has furthered the business case for sustainable finance and provided middle-office support to closing the deals.

After persevering with bringing sustainability into their work for a long time, from office recycling to providing advice on bank transactions, Alex now sees opportunities and a sense of urgency growing. They see potential for impact in incorporating sustainability into product design; building environmental risks and opportunities analysis; and collaborating with the Sustainability and Citizenship team. Having built a reputation for environmental expertise, they hope to become a key resource as the bank furthers its sustainability work.

Now, Alex feels empowered as an internal changemaker. When they have an idea, they know they have a network of people to reach out to. For Alex, being a systemic intrapreneur is about much more than what they do themselves: it's about the change they can influence through their relationships with others.

REBECCA'S STORY: FROM NICHE INNOVATION TO BUSINESS AS USUAL

Rebecca's starting point for creating change is a deep commitment to ending poverty and financial exclusion. Rebecca says she never planned to go into finance, but ended up there because she needed a job and then saw an opportunity to “*fix things*”, so stayed. Now, it is proving to be a powerful place to work for social justice.

Rebecca's journey as a systemic intrapreneur is driven by problem-solving. It started when Rebecca began a side-of-desk project aiming to fix the problem of previously-homeless people being unable to access bank accounts without proof of address. This involved working with homelessness charities to enable them to verify residents' address in a fraud-proof way. A manual process was piloted in branches, but Rebecca struggled to convince the bank to roll it out beyond the pilot area.

Colleagues viewed it as her ‘social project’, despite Rebecca communicating a strong, purpose-led business case: the people who the bank helps out in hard times will become valued customers and loyal advocates. Rebecca also saw the benefits for the banking sector's troubled reputation. If the sector serves people who have been left behind, then people might start to rebuild trust in banking.

Rebecca's view of banking is beyond customer-centric: it is society-centric. When her bank was defining its new purpose, colleagues were asked what they thought the bank should be known for in five years' time. Some colleagues responded that they thought the banks should provide exceptional customer service, but Rebecca felt this wasn't sufficient. Rebecca always asks, “*Who are we not serving? Where are the gaps; the space between the stars? That's where you find new ideas.*”

Rebecca's work on poverty has moved on from her initial idea to finding other ways her bank can positively impact the issue. To help build her credibility, Rebecca has sought out opportunities to advocate for financial inclusion, including entering a national banking competition, giving a TEDx talk and representing her bank at external forums.

Over time, Rebecca's confidence about how much she knows and has to offer her bank has grown. Previously, she feared that people in her organisation perceived her as too distracted by ‘peripheral’ issues: “*I was fed up of hearing that I should go and work for a charity, because I care about society – it's so short-sighted. Why must we make a distinction between doing business and doing the right thing? Is that not what ‘sustainable’ means?*” She has realised her passion is not a weakness, but her greatest strength.

More recently, Rebecca saw a change in leadership as an opportunity to increase her impact. She successfully pitched for a role to be created where she could shape and drive change, moving from product management to strategy and innovation. She is now in a strong position to work towards her vision: addressing financial inclusion and economic inequality through every financial product at her bank, and the whole financial system.

While Rebecca acknowledges the credibility that seniority can bring, she has also seen the power of leading beyond authority. “*I don't have to have the resources, I just have to influence others to use theirs for good.*” This humility, collaborative leadership style and commitment to purpose is a hallmark trait of a systemic intrapreneur.

Challenges faced by systemic intrapreneurs

Through hosting confidential spaces for systemic intrapreneurs to meet with one another and share their experiences, we have developed a rich picture of the challenges they face.

ISOLATION

Systemic intrapreneurs often feel isolated and alone. They don't see their personal values reflected around them. High workloads and task-oriented organisational cultures don't permit colleagues to bring their personal values to work, let alone talk about them with one another. This feels like being a *"lone soldier"* and they regularly wonder if they would be better off creating positive change in a job with a charity or impact investment firm.

OPPOSITION

Systemic intrapreneurs feel they are continually engaged in an *"ongoing struggle against the prevailing mindset"*. Navigating internal channels and politics is a challenge for all. Power structures within organisations mean an intrapreneur feels like they are always *"fighting the tide"* to create meaningful change. Since many initially lack a mandate for their change work, it can feel like *"waging a guerrilla war"* until they can secure the buy-in of a senior decision maker. To do this they are constantly competing for airtime and resources, negotiating them away from use in other places. As one banker described it: *"It feels like running into a constant headwind."*

The challenge of prevailing culture and mindsets is amplified by structural obstacles, such as long approval processes for change proposals and a lack of clear overall responsibility, especially in matrix structures. The resistance intrapreneurs encounter is not always intentional or conscious. As one intrapreneur asks: *"How do you change mental models when people who are not intending to block come up with genuine reasons for why you can't do that just yet?"*

MISUNDERSTANDING

Systemic intrapreneurs feel that the passion that drives them is viewed as a weakness and detracts from their credibility. They experience an ongoing battle to be taken seriously by colleagues and are continually asking *"how do I build buy-in?"* Intrapreneurs often feel misunderstood by the outside world, too, ashamed to admit they work for a bank in social settings, given the stereotype of a materialistic, morally bankrupt banker. When coming together with fellow systemic intrapreneurs, their relief at being seen and accepted by likeminded peers is palpable.

INSTABILITY

Regular restructures and redundancies also bring changes in job descriptions and instability where new roles carved out by systemic intrapreneurs are at risk if they're not seen as core to the business. Progression culture with short role tenures can also mean that champions who once backed them are soon no longer in post.

Instability also occurs when a systemic intrapreneur received support in the form of lip service to their idea, but *"when it comes to committing resources or assigning responsibilities the support fades away"*.

EXHAUSTION

Ordinarily the nature of a banking professional's work is extremely time poor: efficiency-led institutions place high workloads on employees. Systemic intrapreneurs often feel overwhelmed. They must meet their regular targets while also finding the time for reflection on how that work could be done differently to create positive change. Staying connected to their vision and persisting in promoting this agenda with others while keeping up with their day-to-day work leaves systemic intrapreneurs feeling stretched and exhausted as they cannot do it all, admitting, *"you have to let it go sometimes and decide key battles"*.

DISCRIMINATION

Intrapreneurs can experience discrimination arising from the combination of their personal identity and being an internal agitator for positive change. Many women feel their intrapreneurial efforts are hampered due to gender discrimination, and in some cases, bullying and harassment. Bank cultures have a built-in reverence for tenure, seniority and rank, so younger or newer bankers also find themselves being discriminated against or discounted due to their age or experience.

FRUSTRATION

On the whole, being a systemic intrapreneur can be a frustrating journey. Systemic intrapreneurs experience a constant sense of conflict between their personal values and the work they are asked to do on a daily basis. They are constantly facing the unknown, often telling us: *“I don’t know if I’m doing it right.”* The slow pace of change in large institutions is a constant frustration, and the desire to be collaborative is always accompanied by a sense that the work may then be co-opted and taken in a different direction.

RISK

Acting as a systemic intrapreneur is risky work. A systemic intrapreneur needs to be able to *“play within the rules”* of business as usual to make progress while maintaining their mission and *“not get sucked in”*. In an industry culture which values personal credibility and expertise, systemic intrapreneurs fear losing their ability to influence by being too disruptive. Those influencing the climate finance agenda, for example, fear being perceived as alarmist if they passionately communicate the urgency of averting the climate crisis, while dreading not creating change quickly enough.

There is also significant risk of a systemic intrapreneurs work being co-opted to maintain the status quo. *“Senior people bear-hug the ideas and the intrapreneur, make a poster child of them, but then water down their idea so much that it’s not a solution for what they were trying to solve for in the first place.”*

WHAT DOES IT FEEL LIKE TO BE A SYSTEMIC INTRAPRENEUR?

When asked what does it feel like to be a systemic intrapreneur, individuals have described the following:

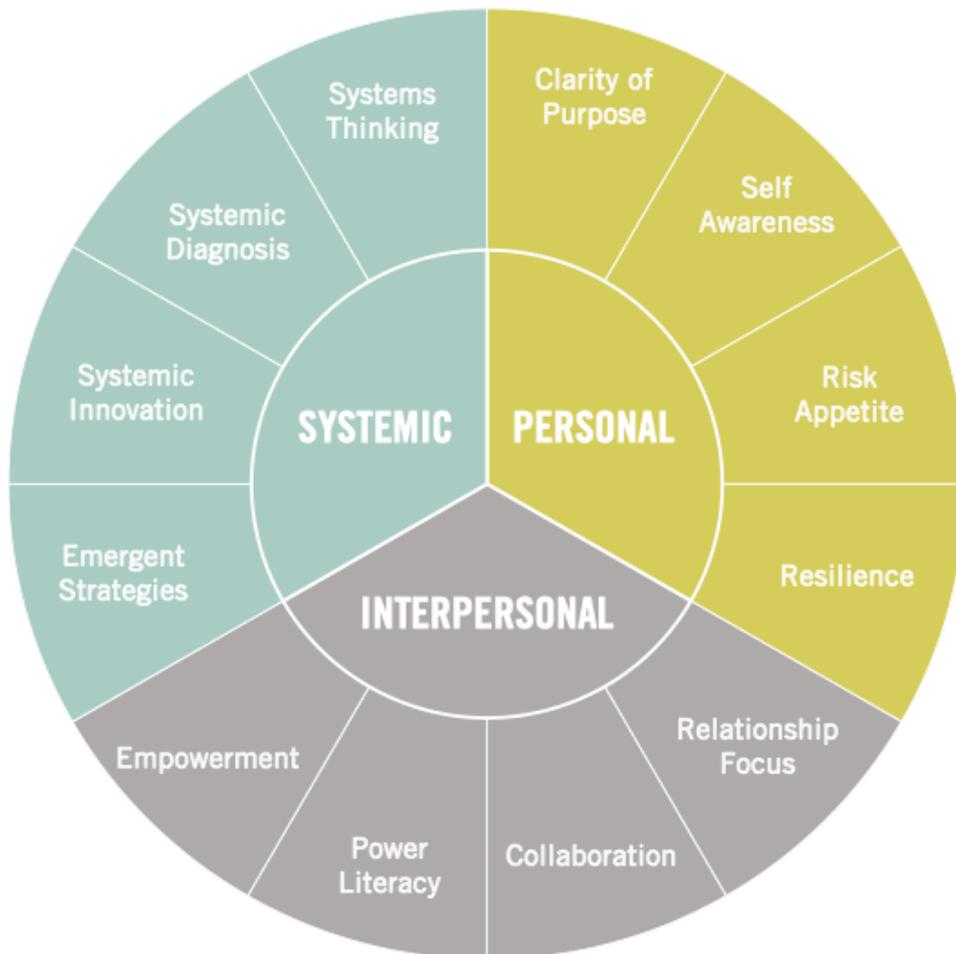
On a good day: Exciting, revolutionary, exhilarating, proud, passionate. I’m an activist with a corporate lanyard. It’s my dream job – I have resources for change I would never have on my own. It’s something I happily spend my nights and weekends working on.

On a bad day: Pressured, hectic, rigid, political, toxic, draining, exhausting, fickle, bureaucratic, isolating, uncertain, lonely, like swimming upstream, tough, have to be constantly alert, dissonant, hypocritical, rigid, dangerous, frustrating, demoralising.

Capabilities of systemic intrapreneurs

What capabilities enable systemic intrapreneurs to overcome these challenges? Here we outline twelve capabilities of systemic intrapreneurs across three categories: personal, interpersonal and systemic. For each capability, a range of practices and tools are listed which we have

learned are useful to systemic intrapreneurs. Over time we will document and publicly share more of these tools and practices for use within and beyond the participants in our systemic intrapreneur community and programmes.



PERSONAL SKILLS

Clarity of purpose: Systemic intrapreneurs are driven by a strong sense of purpose and personal values. They are committed to their vision for a financial system that serves people and planet, and motivated by the intrinsic value they gain from what they're trying to do rather than extrinsic motivators like financial reward. This supports them to act with integrity.



I feel responsibility to go above and beyond for people and planet."

- SYSTEMIC INTRAPRENEUR

Self-awareness: Systemic intrapreneurs recognise their own personal identity, beliefs and emotions, and how they affect their thoughts and behaviour. This makes them open to different ways of seeing and acting in others. They learn their strengths and weaknesses, finding a way to appreciate and work with them all in order to develop into a more conscious and self-aware leader.



Reflect on your own approach. Reflect on stakeholders' perspectives. Reflect on the importance of timing."

- SYSTEMIC INTRAPRENEUR

Risk appetite: Systemic intrapreneurs have a level of comfort with disruption and personal risk. They have the courage to challenge dominant assumptions and illuminate values trade-offs, despite the risk of negative consequences. This requires tenacity and strong self-belief.

"It's not immediate rewards, but it's aligned to my values as a human being - that's all that matters."



- SYSTEMIC INTRAPRENEUR

Resilience: Systemic intrapreneurs are comfortable working with complexity, paradox and the unknown. They have a growth mindset - committed to ongoing learning and reframing failure as opportunity. They learn to separate their sense of self from the success of their mission. They have tremendous patience, holding their long-term vision steady no matter what is happening in the current moment.

"Have complete belief that what you propose is achievable and then have tenacity and grit to see it through. Do not give up."



- SYSTEMIC INTRAPRENEUR

INTERPERSONAL SKILLS

Relationship-building skills: Systemic intrapreneurs have high levels of empathy and emotional intelligence. They show up to work as fully human and connect with colleagues as people, not with their role. They build strong relationships of trust with people of diverse backgrounds which can hold together through significant challenges.



I believe in authentic relationships of trust. I also stay at the edge of my organisation. When I'm internally blocked I often go outside the organisation to make things happen."

- SYSTEMIC INTRAPRENEUR

Collaboration: Systemic intrapreneurs know they do not have all of the skills, resources or capacity to transform their institution on their own. They collaborate with others across organisational silos, institutions and sectors, often engaging unusual allies to create change. Systemic intrapreneurs weave together coalitions united by a shared purpose and distribute power through decentralised leadership. They see themselves as connectors rather than knowledge holders, facilitating the collective capacities of the group.



I don't need to control every project I start."

- SYSTEMIC INTRAPRENEUR

Empowerment: As collaborative leaders, systemic intrapreneurs create the conditions for others to achieve shared purpose amidst uncertainty. Systemic intrapreneurs create more systemic intrapreneurs, helping to amplify their potential, which ultimately creates greater individual and collective impact.

"Make other people shine.

- SYSTEMIC INTRAPRENEUR



Power literacy: Systemic intrapreneurs understand power dynamics. They are aware of power within their own institutions, as well as within themselves, and can navigate this to influence others. They are able to work politically within their institution, knowing when to link in to other people's agendas and when to challenge them.

"Be a rebel, but with diplomatic skills. Those we are trying to change have a wealth of experience which needs to be respected.

- SYSTEMIC INTRAPRENEUR



SYSTEMIC SKILLS

Systems thinking: Systemic intrapreneurs see the world as a complex web of interconnected parts. They notice patterns and feedback loops across the organisational system and they make decisions by considering the interconnected whole, rather than the parts in isolation. Systems thinkers know that one's perspective on the system depends on their vantage point, so they actively seek out diverse relationships with genuine curiosity about how others see the world.

“We all have a lot of biased assumptions - including assuming particular teams or people don't care about different issues.”

- SYSTEMIC INTRAPRENEUR

Systemic diagnosis: Systemic intrapreneurs notice patterns and identify places where small nudges at the right time can lead to big changes. When they discover a barrier or challenge, they step back to identify the accompanying opportunity, reframing it as a leverage point for change.

“When people say ‘no’, it doesn't mean they're not on board with your idea. There are different types of ‘no's’. Is it a hard no? Are they convinced it has no legs? Or is someone challenging you to think about it differently?”

- SYSTEMIC INTRAPRENEUR

Systemic innovation: After identifying a potential leverage point, systemic intrapreneurs design strategies to intervene. They are aware of a range of tools and methodologies and can identify the most appropriate one for the task at hand. Using strong project management skills, they take an iterative test-and-learn approach to adapt and scale the most effective solutions.

“I want to stop being obsessed with articulating my purpose. Purpose is doing!”

- SYSTEMIC INTRAPRENEUR

Emergent strategies: Systemic intrapreneurs weave their longer-term vision into short-term, pragmatic opportunities. They balance planning with responsiveness and opportunism, and they continually observe the system, noticing patterns, diagnosing new leverage points and adapting their course.

“Don't let perfect be the enemy of good.”

- SYSTEMIC INTRAPRENEUR

SUPPORTING SYSTEMIC INTRAPRENEURS

The role of Finance Innovation Lab

We have learned that Finance Innovation Lab has a unique role to play in supporting systemic intrapreneurs as individuals, partnering with banking institutions and influencing narratives within the wider banking system.

We act as a catalyst, seeding change efforts across the financial system and connecting them to each other. Our work is human-centred and positive: we focus on empowering and connecting active changemakers, rather than convincing others of the need for change. We bring to this work our power to convene influential actors, our transformative facilitation and leadership development expertise, and thought leadership in financial systems change.

While campaigning organisations serve a vital role in holding banks to account, we identify professionals within banking who share our vision for a democratic, sustainable, just and resilient financial system. We engage with them with respect and compassion, creating nurturing spaces for them to succeed in their work of influencing change from the inside. We also connect systemic intrapreneurs with our cross-sector community of purpose-driven innovators, regulators, policymakers and civil society actors to build their collaborative networks for change.

As an independent charity^{xxii}, we build strong relationships of trust with systemic intrapreneurs and their institutions, acting as a ‘critical friend’ that both supports positive change and speaks truth to power where required.



The Lab is a small organisation who can speak with authority, integrity and clarity of purpose to larger firms.”

- SYSTEMIC INTRAPRENEUR

Internal development programmes within institutions can reinforce groupthink, at best stifling innovation and at worst contributing to a breeding ground ripe for scandals. Internal leadership programmes struggle to expose leaders to people with very different perspectives or provide a space for genuine challenge and critical thought. In contrast, many external leadership programmes fail because they develop the individual in isolation, and not in their organisational context. The Lab is in a unique position to provide support to systemic intrapreneurs embedded in their organisational context, while introducing diverse multi-stakeholder perspectives from our wider community.



Your coaching and facilitating is outstanding and your warmth, energy and respect for who we each are, what we are each doing, and who we are all ultimately doing it for is your secret sauce.”

- SYSTEMIC INTRAPRENEUR



“Seeking to bring genuine social purpose to finance, the Lab offers both philosophical and practical alternatives, successfully bringing civil society and industry perspectives together to seek, define and pilot radical solutions.”

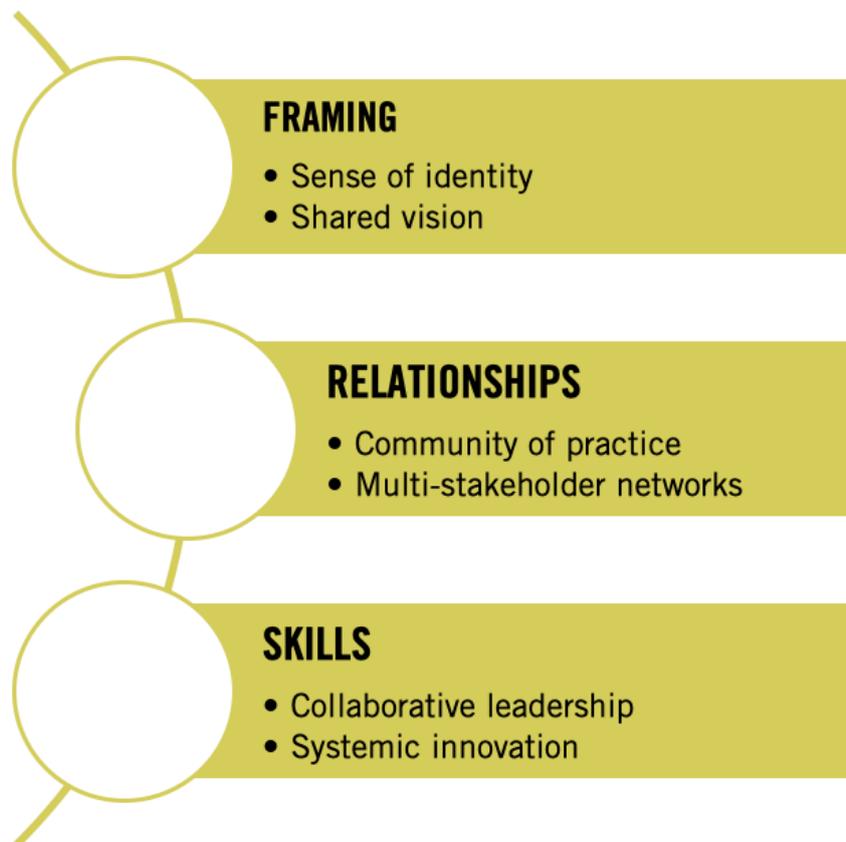
- SYSTEMIC INTRAPRENEUR

Our systemic intrapreneurship model

Through building a community of systemic intrapreneurs in banking, we have learned that these innovators benefit from support to develop the twelve capabilities of a systemic intrapreneur in three ways: providing conceptual **FRAMING** for their work; building **RELATIONSHIPS** for peer support and collaborative change; and developing the leadership and innovation **SKILLS** for

designing and implementing change strategies in complex environments.

Below we outline each of the six types of support we have learned Finance Innovation Lab is well-placed to provide systemic intrapreneurs and provides significant benefit to them.



IDENTITY

Since systemic intrapreneurship is a way of working rather than a job title, it can be very ambiguous and hard to describe. Creating a label and identity for these changemakers has a powerful impact. Once purpose-driven finance professionals begin to self-identify as part of a wider movement of systemic intrapreneurs, their confidence, credibility and impact all grow.

Within their organisations systemic intrapreneurs feel isolated and struggle to articulate what they are intuitively trying to achieve and how they are doing it. After joining the Lab's community, banking professionals have told us that having a language to describe their change-making as *"totally transformational"*.

OUR WORK

We have coined the term systemic intrapreneurs to give purpose-driven finance professionals an affiliation and an identity that validates their work.

"I'd not heard of [systemic] intrapreneurship before and had been feeling a bit bewildered about the future, torn between breaking loose and starting a business or trying to find a role where I can drive more change from within. I'm often frustrated that I can't articulate just how strongly I feel I must do more to make banking better from the inside – and then I discover that being wired this way is an actual thing! I'm not (just) a misfit, I'm part of a movement and didn't realise it!"

- SYSTEMIC INTRAPRENEUR

SHARED VISION

The systemic intrapreneurship journey often begins with frustration over a problem and a desire to solve it. Many systemic intrapreneurs have a general idea of 'what good looks like', but struggle to articulate it in detail or to situate it within a wider vision beyond the issue they are addressing. Systemic intrapreneurs benefit from having a shared vision for banking that serves people and planet. This provides a wider conceptual foundation for their work and supports them in storytelling and building influence.

OUR WORK

The Finance Innovation Lab community has a shared vision for the financial system that we share with systemic intrapreneurs.

"We now all have a common goal that we're working towards; it's been created by all the people who are going to help me influence change. Having these people working towards the same goal as I am and a goal that we've collaboratively put together - that is going to be very helpful."

- SYSTEMIC INTRAPRENEUR

COMMUNITY OF PRACTICE

A community of practice is a group of people with a shared domain of endeavour, coming together regularly for collective learning. To combat the sense of isolation many systemic intrapreneurs experience, forming a community of practice is of tremendous benefit for establishing peer connection and peer learning.

Effective communities of practice involve regular convening to forge deep relationships and follow peer stories over time. They are most effective when focused on identifying challenges and supporting one another to move forward, rather than solely reporting back on what is working. A confidential, high trust environment with agreed-upon ground rules and culture is essential for enabling conversations to be vulnerable and action oriented, rather than performative.

OUR WORK

We have launched a community of practice for systemic intrapreneurs offering peer connection events and peer coaching through action learning sets.

"We're not alone. There's a lot to learn from each other. We can create change by talking to each other and learning from each other. If you're trying to be a systemic intrapreneur alone it's not going to work."

- SYSTEMIC INTRAPRENEUR

"It is so rare to have a group so intimate and focused on helping each other. I honestly can't think of another space like this."

- SYSTEMIC INTRAPRENEUR

NETWORK-BUILDING

While a community of practice provides relationships with likeminded peers, systemic intrapreneurs also need diverse cross-sector relationships beyond their bank walls, especially with unlikely allies who they are less likely to meet through their day-to-day work.

These relationships can expand systemic intrapreneurs' perspectives, illuminate other aspects of the problem they aim to solve, offer examples of possible solutions from elsewhere and collaborations for change.

OUR WORK

Since 2009 Finance Innovation Lab has built a diverse community of over six hundred innovators, regulators, policy makers, civil society organisations, academics and influencers all committed to a financial system that serves people and planet. We have invited systemic intrapreneurs to join this community to expand their connections to the wider purpose-driven financial innovation ecosystem.

"The Lab are a well-connected group providing vital 'neutral ground' where it feels safe to share and hear ideas from peers, friends and critics alike. That network of different minds and perspectives gives us an opportunity to see and hear views or ideas that we might not otherwise be exposed to."

- SYSTEMIC INTRAPRENEUR

COLLABORATIVE LEADERSHIP

Systemic intrapreneurs benefit from support to develop the personal and interpersonal capabilities outlined in this report, better equipping them to act as collaborative leaders. As banking professionals are usually extremely time-poor, providing dedicated space for self-reflection cannot be underestimated in its impact. This creates capacity for systemic intrapreneurs to explore their personal values and purpose, increase their self-awareness, and reflect on how to develop and adapt their practical strategies and ways of working. Support to develop communication and storytelling skills also enhances collaborative leadership capability.

OUR WORK

One of Finance Innovation Lab's key strengths is supporting individuals to become aware of their own relationships, worldview, values and motivations. We create spaces for our community to develop as collaborative leaders through workshops, retreats and coaching.

"I feel like I'm beginning to make progress on the inner journey in a way that builds upon the outer journey, strengthening me for more of that and adding credibility to that drive."

- SYSTEMIC INTRAPRENEUR

"As the person leading the transformational change I feel a responsibility to go on that journey myself if I'm going to lead others."

- SYSTEMIC INTRAPRENEUR

SYSTEMIC INNOVATION CAPABILITIES

Systemic intrapreneurs also need support to develop the practical knowledge and capabilities required for deploying systemic change strategies. Training in systems thinking, systemic diagnosis, systemic innovation processes and working in complex, emergent contexts provide concrete skills for systemic intrapreneurs to embed change within their institutions.

OUR WORK

Finance Innovation Lab works with our faculty of experts in systems change and purpose-driven finance to provide learning opportunities for systemic intrapreneurs through workshops, training programmes and publications.

"The discussion and models helped me to put structure around the work and to be more strategic."

- SYSTEMIC INTRAPRENEUR

"I thought it was a really useful evening. I think we were all, for the most part, thinking mainly in terms of product or service innovation rather than more systemically."

- SYSTEMIC INTRAPRENEUR

MOVING FORWARD

Our work over the past two years has revealed the pressing need to transform mainstream banking so that it meets the needs of individuals, communities and societies within planetary boundaries. We have seen that the appetite to radically transform banking lies within financial institutions as well as without and we remain committed to incubating the systemic intrapreneurs who have the potential to create a banking system that genuinely serves people and planet.

We have observed that change is required at multiple scales – individuals within banks, banking institutions themselves, and the wider banking sector, policy environment and regulatory context banks exist within. Moving forward, Finance Innovation Lab will continue to directly support individuals and institutions to change and share the insights from this work to catalyse wider change in the banking system. We will do this in three ways:

1. **Individual intrapreneurs:** We will continue to grow our community of systemic intrapreneurs who are influencing their banks to close the purpose gap and build their skills, knowledge and motivation to lead change within their institutions.
2. **Institutions:** We will work directly with a small number of major banks in strategic partnership, providing advice, programmes and cross-sector connections that will enable banks to realign their corporate purpose, embed this throughout their strategy, culture and operations, and deliver products and services that finance a just and sustainable world.

3. **Insights and influencing:** We will continue to document our strategic learning about how change happens within banking then disseminate these through targeted communities in order to:

- a. Shift narratives, norms and behaviours across the wider banking industry.
- b. Inform civil society advocacy strategies and influence regulatory and policy changes that will accelerate the banking sector's transformation.

We know that no single person or organisation can transform the financial system alone. Just as systemic intrapreneurs need to build coalitions for change, Finance Innovation Lab can only work toward our vision of a democratic, sustainable just and resilient financial system through collaboration with others.

We invite existing or aspiring systemic intrapreneurs to join our community; banks to partner with us for organisational transformation; regulators and policymakers to regulate for purpose-driven banking; values-based banks to demonstrate what is possible; researchers to develop bodies of evidence for the power of systemic intrapreneurship; and, finance sector influencers to adopt and spread the narrative of purpose-driven banking.

Find out more at www.financeinnovationlab.org.

To partner with us, contact hello@financeinnovationlab.org.

APPENDIX 1

GLOBAL ALLIANCE FOR BANKING ON VALUES – PRINCIPLES OF VALUES BASED BANKING

1. **Triple bottom line approach:** Triple bottom line approach of people, planet and prosperity at the heart of the business model
2. **Real economy:** Grounded in communities, serving the real economy and enabling new business models to meet the needs of both
3. **Client-centred:** Long-term relationships with clients and a direct understanding of their economic activities and the risks involved
4. **Long-term resiliency:** Self-sustaining organisations with a long-term outlook, resilient to outside disruptions
5. **Transparency:** Transparent and inclusive governance
6. **Culture:** All of these principles embedded in the culture of the bank

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE BANKING

1. **Alignment:** We align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Agreement and relevant national and regional frameworks.
2. **Impact & Target Setting:** We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets, where we can have the most significant impacts.
3. **Clients & Customers:** We will work responsibly with our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.
4. **Stakeholders:** We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.
5. **Governance & culture:** We will implement our commitment to these Principles through effective governance and a culture of responsible banking.
6. **Transparency & Accountability:** We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

APPENDIX 2

Strategies

The below table shares examples of the purpose gap at the strategies leverage point of the tree framework outlined in this report.

Unfit for Purpose	Fit for Purpose
Disadvantaged population groups are excluded from accessing a financial product due to ineligible credit history, digital exclusion, accessibility challenges or unaffordability.	A product is designed to maximise inclusion. Data is collected to ensure the customer base reflects the demographics of the market population. Representative customers are engaged across the product design process in a fair and appropriate way.
Regressive fee structures place a higher burden on low income, higher risk customers, from whom the bank receives proportionally more revenue than customers with greater financial resources.	Business models charge fair prices, with equitable fee structures. The bank collects data on customer segments to understand which business models place a higher burden on lower income customers. ^{xxiii} .
High proportion of bank revenues gained through short-term returns from capital markets, which reduces investment in the real economy and increases volatility through financialisation.	Banks receive the majority of revenues from the real economy, by directing capital flows to the people and organisations having a productive impact on society and the environment.
In-house mental health and wellbeing services are designed to return employees to a state of productivity, rather than uncover and address root causes of mental ill-health within the workplace, such as bullying, workload and misaligned incentives.	Employee assistance programmes have in-built feedback mechanisms to help the bank address the root causes of problems and a commitment to act.

Structures

The below table shares examples of the purpose gap at the structures leverage point of the tree framework outlined in this report.

Unfit for Purpose	Fit for Purpose
Staff incentives are based on financial metrics related to capital, income or expenses, driving profit maximising decisions at the expense of social and environmental outcomes.	All staff compensation and performance structures are linked to achievement of social and environmental metrics and purpose-aligned behaviours alongside financial performance.
Incentive compensation is judged on individual performance relative to colleagues, fostering a competitive, anti-collaborative culture.	Incentive compensation is based on collective goals rather than individual performance alone to drive a collaborative culture.
Governance is focused on maximising short-term returns for shareholders, with a narrow definition of fiduciary duties.	Governance locks in organisational purpose and holds the bank accountable for achieving it alongside sustainable long-term returns, with an expanded definition of fiduciary duties.
Processes for debt collections are automated, charging penalties immediately after the due date with little customer support.	Collections processes involve early warnings and borrower assistance before the customer incurs any fees, penalties or credit score impacts.
Banks fail to measure or disclose their exposure to carbon intensive industries in annual reporting.	Banks voluntarily disclose and manage their climate-related risk and positive and negative climate impacts.
Sustainability is a niche function, often within the marketing and communications or CSR teams, with a sub-strategy running in parallel to corporate strategy.	The bank's organisational structure ensures the Sustainability function reports directly to the CEO and is an integral part of the bank's main corporate strategy.
Highly specialised roles with lack of clear overall responsibility make it difficult for banking professionals to situate their work within the big picture.	Banking structures recruit and train for generalists with diverse experience and support colleagues to understand how their work connects into the whole.

Relationships

The below table shares examples of the purpose gap at the relationships leverage point of the tree framework outlined in this report.

Unfit for Purpose	Fit for Purpose
In a progression- and results-oriented culture, peers are viewed as competitors resulting in transactional, competitive relationships.	Bankers build meaningful relationships with peers as allies in positively impacting stakeholders and mutually supporting one another's success.
Relationships are based on a colleague's role and its accompanying status. Conversations are usually task-focused in nature.	Relationships are focused on the human, with genuine interest in the person behind the role. Conversations about personal values come naturally in the professional context.
Informal relationships commonly built in ways that exclude some (such as drinking at bars and golf games), limiting opportunities for information sharing, navigating internal channels and career advancement.	Banking professionals actively seek to build relationships in inclusive ways, respecting individual differences in order to build more diverse networks.
The more senior leaders become, the more internally focused and relationally distanced they are, losing relationships with customers, junior colleagues and frontline staff. Few avenues exist for feedback from the grassroots level.	Leaders remain committed to maintaining strong relationships with customers, junior staff and external stakeholders throughout their career. Opportunities are provided for junior staff to engage with activities that are traditionally the preserve of senior stakeholders.
Homogenous networks and connections limit a banker's perspective to people like themselves, reducing opportunities for innovation and the effectiveness of decisions.	Diverse networks and connections within and beyond the bank enable a banker to innovate and enhances the effectiveness of decisions.
Command-and-control leadership styles result in disempowered colleague relationships and low employee engagement and motivation.	Empowering, collaborative leadership styles create conditions that enable colleagues to achieve shared purpose amidst uncertainty, releasing energy for innovation. ^{xxiv}
Diversity focused initiatives exist, but power isn't shifting. Diversity may improve but doesn't result in inclusion. <i>"I'm typically sat in a room full of alpha males and find it difficult to step in."</i>	Banks recognise diversity (representation) is not the same as inclusion (active integration into bank processes). ^{xxv} They take active steps to create structures and propositions that challenge dominant power dynamics.
Information asymmetry creates a power imbalance between the bank and its customers, creating opportunities for exploitation of the client relationship.	Bankers build collaborative relationships with customers and clients, working together to help the customer best decide how to meet their own needs.

Mental Models

The below table shares examples of the purpose gap at the mental models leverage point of the tree framework outlined in this report.

Unfit for Purpose	Fit for Purpose
The industry norm is that value is measured in financial terms, requiring a financial business case for everything.	Value is measured in both financial and non-financial terms, so business cases are based on achieving the purpose of the institution with long term financial sustainability.
Many banks have a culture of wearing ‘corporate masks’ - separating personal and professional selves. <i>“I feel like there are two parts to me that are different.”</i> This can be demotivating for banking professionals when they feel their personal values are not being enacted at work.	A culture of ‘bringing your whole self to work’ provides permission to bring personal values into the workplace and explore how these can be better respected at work and inform systemic intrapreneurship.
The economic assumption that humans are self-interested, utility maximisers who make purely rational economic decisions can create transactional cultures and poor customer experiences.	The economic assumption that humans are complex with decisions also informed by emotions and values results in relationship-based ways of working.
Maximising profit for shareholders is seen as the primary aim of banking institutions.	The primary aim of banking institutions is interpreted as fulfilling a socially useful purpose. Sustainable profitability is an enabler of this, rather than an objective in itself.
There is assumed to be a fundamental trade-off between profit and purpose.	Banks that have a clear social purpose focused on human wellbeing and a sustainable ecosystem are known to outperform those that don’t. ^{xxvi}
Innovation is perceived as synonymous with new technology and is uncritically assumed to mean progress.	Innovation is seen in a broad sense and is not assumed to be inherently better than existing models – it’s about how and why it is used.
The dominant business worldview sees people in economic terms – either as consumers, producers, employees or investors. An extractive paradigm with the goal of infinite growth based on finite resources.	A natural systems worldview sees people as just one living species within a wider, self-sustaining global ecosystem. This paradigm leads to regenerative, circular and sustainable economic models.
Social narratives about the banking sector mean many purpose-driven individuals do not consider it a career path for creating a positive impact.	Dominant social narratives could be transformed so that banking is seen as a career for purpose-driven individuals to have a significant social and environmental impact.
A reductionist worldview sees the world as able to be reduced to its parts, and people reduced to their function. This creates a mechanistic view of organisations and results in a transactional culture with the human separated from their work.	A complexity worldview is based on holism, interdependence and is primarily interested in relationship. This creates a humanistic view of organisations, seeing them as complex human systems, giving rise to a relationship-based culture.



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For general enquiries, please email hello@financeinnovationlab.org. Please note that we are a small team and may not be able to respond to your query immediately.



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ENDNOTES

- ⁱ <https://www.climaterealitycheck.net/flipbook>
- ⁱⁱ https://www.banktrack.org/download/banking_on_climate_change_fossil_fuel_finance_report_2020/banking_on_climate_change__2020_vf_2.pdf
- ⁱⁱⁱ <https://www.wri.org/blog/2019/10/how-are-banks-doing-sustainable-finance-commitments-not-good-enough>
- ^{iv} <https://www.theguardian.com/commentisfree/2017/jan/13/uk-banks-racial-discrimination-black-victims-fraud>
- ^v <https://www.lightbluetouchpaper.org/2017/01/12/banks-biased-against-black-fraud-victims/>
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- ^{xiii} <https://www.fca.org.uk/news/press-releases/fca-confirms-biggest-shake-up-overdraft-market>
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- ^{xvii} <https://www.amalgamatedbank.com/our-five-principles>
- ^{xviii} https://www.thersa.org/globalassets/pdfs/reports/rsa_from-design-thinking-to-system-change-report.pdf
- ^{xix} <http://donellameadows.org/archives/leverage-points-places-to-intervene-in-a-system/>
- ^{xx} This model draws on a combination of systems change frameworks including The Water of Systems Change: https://www.fsg.org/publications/water_of_systems_change
- ^{xxi} <https://metalabcreations.ca/blog/2019/6/15/shifting-power-through-scaling-deep>
- ^{xxii} <https://beta.charitycommission.gov.uk/charity-details/?regid=1165269&subid=0>
- ^{xxiii} <https://www.triodos.co.uk/articles/2019/theres-no-such-thing-as-free-banking>
- ^{xxiv} <http://marshallganz.usmblogs.com/files/2012/08/Chapter-19-Leading-Change-Leadership-Organization-and-Social-Movements.pdf>
- ^{xxv} <https://www.linkedin.com/pulse/understanding-inclusion-what-needs-change-individuals-menzies-fca/>
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