

The Nationwide Incubator: Innovating to alleviate UK poverty

A report from the
Personal Finance Research Centre

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About this report

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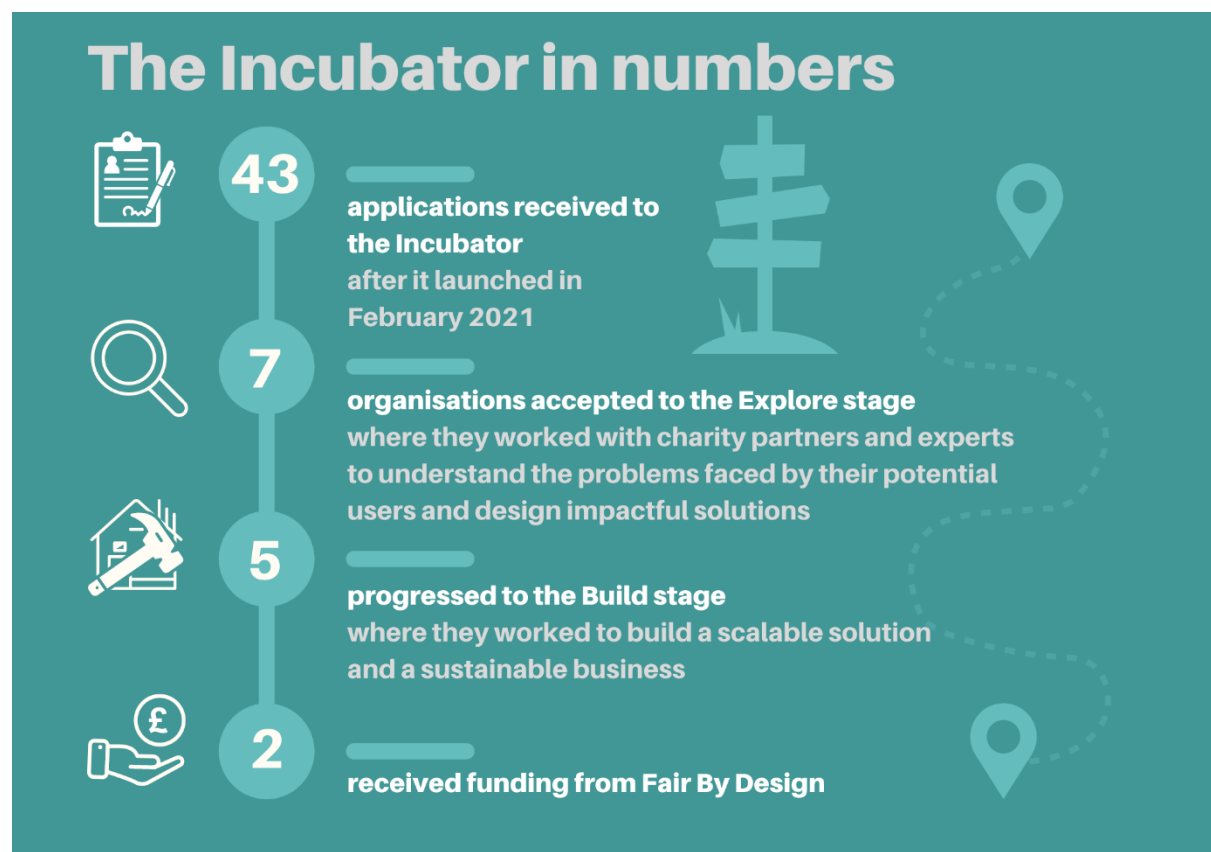
Contents

Executive summary	4
1 Introduction	8
2 Process evaluation.....	15
3 Impact evaluation.....	25
4 Conclusions.....	46

Executive summary

In February 2021, Nationwide Building Society launched the Nationwide Incubator to tackle the poverty premium that low-income households in the UK face. Nationwide were looking for innovative new start-ups who had ideas for new solutions to tackle the problems associated with living in poverty. Through the Incubator's 'grounded innovation' approach, they hoped to bring together the successful applicants with expert charity partners to explore the problem in detail and develop scalable, impactful solutions.

This report provides an initial evaluation of the Incubator, looking both at how well the process of delivering the Incubator worked and at how the Incubator affected participating start-ups' journeys and initial impacts.



Feedback about the Incubator





























Participating organisations were positive about the following aspects of the programme:

- They appreciated the Incubator's **values** – and were impressed by Nationwide's efforts to understand the issues faced by people in poverty.
- **Applying** for the Incubator was **easy and flexible**.
- The programme was **tailored and personal** to the needs of the cohort.

- Participants valued their engagement with the **charity partners** and were generally pleased with the variety of contacts that they made through the programme.
- Nationwide effectively **addressed participant feedback** from Explore to Build; for example, doing more to create a sense of cohort in the Build phase – which had initially been difficult due to ongoing coronavirus restrictions.

There are also, however, lessons that Nationwide – and other organisations running similar programmes – can take for implementing similar Incubators in future:

- **Greater clarity** needed as early as possible about what participants can expect and what is expected of them. While there were benefits to running a flexible programme, there was also room to give better and earlier notice of workshops and timelines.
- Related to this, participants also wanted **transparency over the likelihood of receiving funding** in the Build phase. The problem was not so much that funding wasn't available to all organisations, but that this should be clear from the outset, along with the criteria for funding so that participants could make other plans if necessary. To ensure that clarity can be offered, it is important that all parties involved in the running and funding of the programme are on the same page about how funding decisions will be made, so that funding criteria can clearly be communicated to participating organisations.
- There were challenges in providing an incubator structure that works well for organisations across all stages of development. While in the OB4G programme¹ it was easier for earlier stage participants to benefit from interaction with more advanced participants, this was more difficult in the Nationwide Incubator due to fewer opportunities for the cohort to meet as a group or work together in person because of the coronavirus pandemic.

The participating organisations	
 <p>Plend Lending for those left behind by traditional credit scoring</p>	  
 <p>Pocket Power Utility switching for the digitally excluded</p>	  
 <p>Satchel Making home contents insurance more affordable</p>	  
 <p>Tembo Helping younger generations onto the property ladder</p>	  
 <p>Flank Making borrowing from friends and family safer</p>	  
 <p>MyTomorrow Enabling women to get their finances in order</p>	  
 <p>MoneyMatiX Financial capability and life skills for diverse communities</p>	  

¹ PFRC previously evaluated the OB4G programme, conducting both a [process evaluation](#) and initial [impact evaluation](#).

Impacts of the Incubator for participants and their end-users

The Incubator had the following impacts for participating organisations:

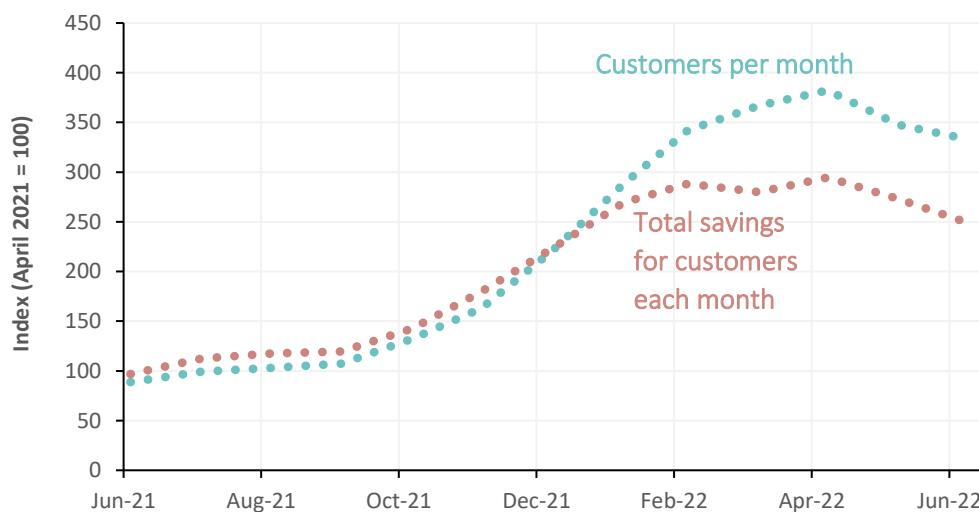
- **Access to expertise** that they wouldn't otherwise have been able to draw on: this has resulted in a greater understanding of the needs of intended users in those who worked with charity partners, while those who partnered with Nationwide teams benefitted from commercial and technical expertise.
- **Forming Partnerships and Networks:** the connections built through participation in the incubator have opened business opportunities for many of those involved.
- **Improved propositions:** the Incubator has given the organisations the space and knowledge to produce more viable products or services than they were planning prior to involvement in the Incubator.
- **Quicker growth:** this has saved the organisations both time and money by moving to a productive position in a shorter time.



It is still too early to judge the full impact of the Incubator in tackling the poverty premium faced by low-income households, and it is difficult to determine what impact organisations may have made had they not taken part in the programme; however, there are indications of some of the initial impacts that participating organisations are having for their end-users. Some have saved money: for example, Tembo and Plend calculate that they are saving their customers money in the form of lower interest repayments – the average interest rate that Plend users were receiving was 13.96%, compared with an estimated 40% if using competitor credit cards or overdrafts for credit. Based on these figures, they estimate that their typical user was saving £1,388 in September 2022.

Similarly, PocketPower data shows that their users have saved money on their bills as a result of using their service, with an average saving of £187 per customer. Since entering the Incubator, the business has partnered with more organisations, meaning it has been able to serve more low-income households:

PocketPower has reached more people since entering the Incubator, saving consumers more money



Notes: Customer numbers and total savings both indexed so that their values for April 2021 = 100. An index score of 200 represents a doubling, 300 represents a tripling, etc. Chart shows 4-month rolling averages of index scores to smooth out month-to-month variation.

The organisations at the earlier stages, who did not receive funding from FairByDesign in the Build Phase of the Incubator, appear to have benefited from taking part, although it has been more difficult to continue to scale their solution. They have gained improved understanding of their potential end-users and benefited from the new networks that they have built up. Participation in the Nationwide incubator, therefore, may result in these organisations having considerable impact on tackling the poverty premium in the future. To realise this potential, continued investment is needed in organisations such as these, either through this programme or from elsewhere, which may not necessarily have a guaranteed return on investment but could lead to significant social impact.

1 Introduction

1.1 The Nationwide Incubator to alleviate poverty in the UK

In February 2021, Nationwide Building Society launched the Nationwide Incubator to tackle the poverty premium that low-income households in the UK face. Nationwide were looking for innovative new start-ups who had ideas for new solutions to tackle the problems associated with living in poverty. Through the Incubator's 'grounded innovation' approach, they hoped to bring together the successful applicants with expert charity partners to explore the problem in detail and develop scalable, impactful solutions.

This report provides an initial evaluation of the Incubator, looking both at how well the process of delivering the Incubator worked and at how the Incubator affected participating start-ups' journeys and initial impacts.

1.1.1 Building on the success of Open Banking for Good

The 2021 Incubator aimed to build on the success of Open Banking for Good (OB4G) – a programme funded and launched by Nationwide in 2018. The OB4G programme aimed to create and scale Open Banking-enabled apps and services in order to help the one-in-four UK adults who are 'financially squeezed'. Nationwide invited applicants of OB4G to create products to tackle three big challenges:

- Helping the growing number of people who have irregular or unpredictable income to manage their regular outgoings.
- Making it easier for someone to produce an accurate statement of their income and expenditure.
- Helping people to practice and maintain good money habits.

Nationwide commissioned the Personal Finance Research Centre at the University of Bristol to evaluate the process and impact of the OB4G programme to look at the potential of technology and innovation to 'move the dial' on big social issues. All five participants of the OB4G programme successfully developed and tested propositions that tackled real problems which were grounded in the experience of people who are 'financially squeezed'. Our two-stage evaluation of the OB4G programme was published by Nationwide in [2019](#) and [2021](#). Where relevant, we draw on learnings from the OB4G programme within this current evaluation of the Poverty Incubator.

1.1.2 What problems was the Incubator designed to tackle?

Through the Incubator, Nationwide hoped to generate a range of solutions to alleviate some of the vicious cycles facing vulnerable households. To ensure that the programme was grounded in the reality of the experiences of these households, Nationwide engaged with experts from various charities and organisations and asked them to describe the day-to-day problems faced by people living in poverty in the UK. Through this, they identified six main themes to give potential applicants an idea of the challenges they want to address (although the list was not exhaustive and Nationwide were looking for the best solutions to real problems associated with poverty in the UK). The six key themes identified by Nationwide were:

Figure 1. The six challenges that the Incubator aimed to tackle

	<p>Fair and transparent access to affordable credit</p>	<p>Helping consumers access the most suitable and affordable credit for them.</p>
	<p>Declined for credit</p>	<p>Supporting those who have been declined access to credit; by helping them understand why they were declined and what they could do next.</p>
	<p>Housing (particularly the Private Rented Sector)</p>	<p>To help those with a low credit score to access quality rented housing. To determine what landlords really need to approve tenants' applications and to provide tenants with what they need to avoid lengthy, complicated, and costly processes.</p>
	<p>Fair access to essential goods and services</p>	<p>To establish new solutions for providing access to affordable essential goods. To remove barriers to fair access to essential services (e.g. insurance) and enabling low-income households to access healthy affordable food and household items.</p>
	<p>Money smoothing (balancing irregular income against regular outgoings)</p>	<p>To help people balance different cycles and sources of income against the different cycles of credit commitments and household bills.</p>
	<p>Wider implications of a poor credit score and digital exclusion more generally</p>	<p>What opportunities are there to reduce the reliance that non-lending sectors and processes have developed upon the use of credit reference data?</p>

These challenges were identified prior to the applications coming in, and on reflection, have been used more as a guide. Nonetheless, as we describe later on, access to credit for those who are outside of mainstream lending, access to essential services and money management were evident in the aims of the successful applicants.

1.1.3 The Nationwide Incubator structure

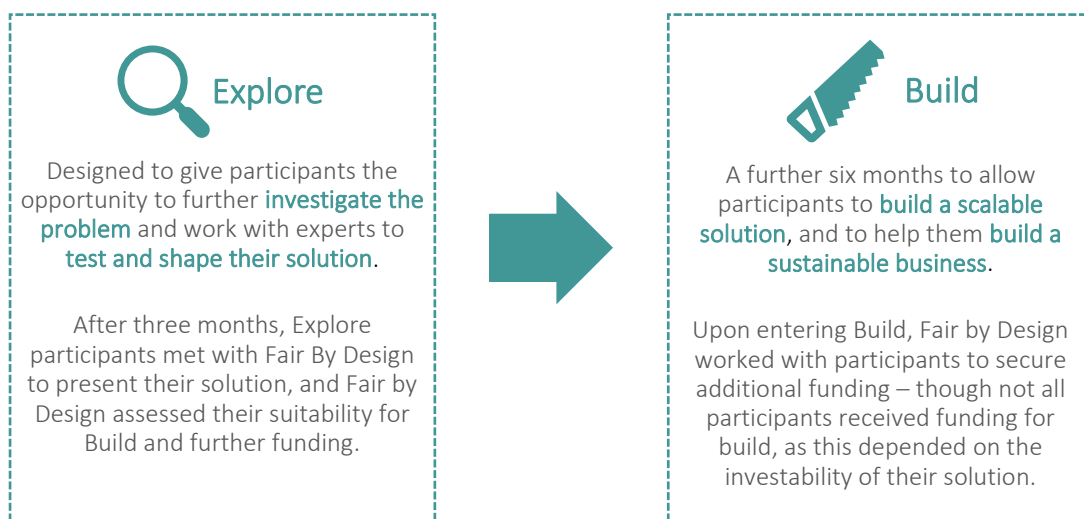
The Incubator opened to applications in February 2021. The application process for the incubator was relatively open, with Nationwide being happy to consider applications regardless of the maturity of the solutions. They were willing to consider applicants at any level, from those with just an idea all the way though to a launched product (this approach will be discussed in more detail in chapter 2). They

were looking for applicants who had any solutions related to the six key themes or alleviating poverty more generally.

Nationwide ran three ‘question days’ while the application process was open. The aim of these was to allow potential applicants to ask questions about the Incubator – not to attempt to sell their solution. Potential applicants were also able to access a full annotated draft contract at this stage.

Once applicants had been accepted onto the programme, the Incubator was divided into two phases: Explore and Build (see Figure 2). Upon entering the programme successful applicants were awarded £30,000 investment from Nationwide to cover the Explore phase. If applicants progressed to Build and were able to create a scalable solution, the aim was that applicants would work with Fair By Design to secure additional investment to fund the remaining months of the Incubator (a minimum of £60,000) which would help support the building and scaling of the solution. We will discuss the participants views of the funding model further in Chapter 2.

Figure 2. Incubator stages



The Nationwide Incubator ran throughout a period when the UK was still in the throes of the coronavirus pandemic. This meant that, unlike the OB4G programme, there was little to no in-person contact for most of the Incubator. This is important to bear in mind when considering the findings of this report.

1.2 About the evaluation

The Personal Finance Research Centre was commissioned by Nationwide Building Society to conduct an independent evaluation of Nationwide’s Incubator. This evaluation aims to capture the learning and impacts of the incubator in order to inform similar future initiatives to create positive change in society. The aims of our evaluation are to:

- Provide insight into the potential value of an anti-poverty Incubator.

- Understand the views and experiences of the Incubator’s set-up and implementation; identify success factors and potential improvements to the process of the Incubator.
- Obtain early insights into the Incubator’s impact on participant organisations and anti-poverty innovation.
- Start to develop metrics for measuring the impact of applicants and the programme.

1.2.1 Our approach

To evaluate the Incubator, we conducted in-depth interviews with representatives from the different stakeholder groups involved with the programme, at different time points across the Incubator programme. These included the seven applicant organisations who took part in the programme, the charity partners to which they were assigned, and other key stakeholders, such as Nationwide and Fair By Design.

Through the interviews we sought to capture information on: why participants had taken part in the Incubator; how they had found the process of being involved in the Incubator; impacts that the Incubator had on their business; and the impacts that their product or service was having for end-users.

We also conducted a short online survey of Incubator participants in November 2022, around 15 months after their first involvement with the programme. This briefly asked them how well they had progressed against their scaling plans, to what extent the Incubator had helped them develop in several areas, whether they would recommend participating in the programme, and for feedback about the main pros and cons of the Incubator. This was completed by six of the seven organisations contacted.

In this report, we divide the findings of our evaluation into two parts:

- 1) a **process evaluation** – looking at successes and potential improvements in how the programme was designed and implemented; and
- 2) an **impact evaluation** – looking at the impact of the incubator on participants and more widely in tackling poverty in the UK.

In order to obtain participants’ honest feedback, their comments about the running of the Incubator itself were anonymised. We do, however, describe each participating organisation’s journey through the Incubator in the second half of the report in the impact evaluation.



43

applications received to the Incubator after it launched in February 2021



7

organisations accepted to the Explore stage where they worked with charity partners and experts to understand the problems faced by their potential users and design impactful solutions



5

progressed to the Build stage where they worked to build a scalable solution and a sustainable business



2

received funding from Fair By Design



MoneyMatiX
Financial capability and life skills for diverse communities



Plend
Lending for those left behind by traditional credit scoring



Pocket Power
Utility switching for the digitally excluded



Satchel
Making home contents insurance more affordable



Tembo
Helping younger generations onto the property ladder



Flank
Making borrowing from friends and family safer



MyTomorrow
Enabling women to get their finances in order



**The Incubator
in numbers**





Of 6 Incubator participants surveyed in November 2022:

5 said the Incubator had helped them to understand their potential users



2 said it helped them understand the right business model for their organisation

3 said it helped them to develop their professional skills



6 said it helped them expand their networks or contacts

2 said it helped them agree new partnerships



5 said it helped them achieve their overall scaling plans



2 Process evaluation

In this chapter we aim to identify what worked well and what could potentially be improved with regard to implementing the Poverty Incubator across both Explore and Build stages.

2.1 Process evaluation

This chapter considers the strengths and weaknesses of the Nationwide Incubator, what worked well and what can be learned for future programmes. As previously mentioned, all feedback from participating organisations about the programme has been anonymised, so that participants felt able to speak more freely about what they thought did and didn't work well.

In the interviews, participants were asked to give feedback on a range of aspects of the Incubator. Broadly, this included the design and delivery of the Incubator, including the Incubator's overall values, the application process, activities undertaken as part of the programme, funding provided to participating organisations, the general organisation of the Incubator, and contact that participants had with charity partners and other stakeholders.

2.1.1 The design and delivery of the Incubator

Overall, there were mixed views on the success of the structure and design of the Incubator. Participants were generally very positive about the values underpinning the Incubator, the ease of the application process and the flexibility of the 'sprint structure'. This free and flexible process, however, was also deemed to be less suitable for some participating organisations – especially those earlier on in their journey, because they would have benefited from greater structure. The context of the coronavirus pandemic may have also made it more difficult for early stage participants to make the most of the programme. There were also possible learnings in relation to expectation management at the beginning of the Incubator, particularly surrounding the level of funding that organisations could expect in the Build phase.

Values of the incubator

Across both Explore and Build, participants felt that the values of the Incubator were a clear strength of the programme. Participants highlighted that having a clear focus on the Poverty Premium helped to ground the incubator in 'good' values and to help them stay focused on creating a start up with similarly strong values.

"Because it is a values-grounded incubator, it is a perspective re-shift and it does allow you to stay grounded in that." (Explore interview)

"I personally was really impressed by the document they produced at the start around the issues, and the issues around the poverty premium that detailed that and all the different elements, and I thought that was... in some ways it was... weird, like weird in that someone had done that – normally you just get here's an application form if you think you're relevant apply... These were people that were genuinely looking to understand the issue and work through it. And I thought: I was really, really impressed by that." (Explore interview)

"It anchors you in a way that you've always got something in common with the people who are on the accelerator, it means that there's always a common purpose that you're all working towards" (Build interview)

Participants described the attraction of applying to an Incubator which combined both financial expertise *and* social impact – rather than just one or the other. Some felt that this was a central tenet

of the Nationwide ethos, which seemed different to what they might expect from other banks that run similar programmes:

“I wanted to believe that they were very different from say going to Barclays or Lloyds or something. And I think if you're designing something that I'm designing, you also are like quite cynical about why the system hasn't fixed this, these kinds of inequalities itself really. I think there is this kind of belief that Nationwide probably had a different ethos about why they were doing what they were doing and the partners that they had developed.” (Explore participant)

As indicated by the above quote, the (charity) partners that Nationwide was working with to deliver the Incubator made it a more attractive opportunity. There was a sense that the charity partners were real experts in the people that the start-ups hoped to serve, and having access to these organisations would be hugely beneficial.

Application process

During our first round of interviews participants commented positively on the open and flexible nature of the application process. Participants felt able to complete the application in a way that showcased their business rather than completing a rigid check list. Participants liked that it was up to them to decide what to write in the application and thought that the application was holistic in allowing applicants from a variety of stages to apply.

“[The application process] was very good, and it straightaway showed that they were all about you as an organisation and what you are bringing, you are not fitting in someone's box.” (Explore interview)

“It did say like this can come from anyone, you could be somebody with an idea, you could be a business with customers, it could be a policy instrument, and I thought okay maybe I do fit this bill actually.” (Explore interview)

“Thought it was a great application process. I was like blown away by how good they made it. It was literally like tell us 1, 2, 3, it can be in whatever format you want and I just thought that was amazing.” (Explore interview)

Activities undertaken in the Explore phase

In Explore, the participants largely followed a bi-weekly ‘sprint structure’ approach: an online meeting with charity partners and Nationwide every two weeks to discuss progress. The agenda and content of these meetings were driven by the participants and what they wanted to get from the process.

Some participants felt that the sprint structure was “fantastic” because it was individual and targeted, allowing them to get exactly what they wanted from the process without being tied to a structure that may not have suited their particular needs. The individualised nature of the programme structure was important given the range of organisations at different stages in their product journey when they entered the programme. The process of regular meetings in this way was believed to have encouraged progress.

“I think what they're trying to do is tailor it to each participant, which is good because if you don't do that, like I said on these other accelerators, you get these very generic catch-all kind of business sort of aphorisms which aren't particularly helpful.” (Explore interview)

“There's been a real structure and kind of like a beat that's gone all the way through, a regular beat that we've been able to like keep progress on it.” (Explore interview)

However, for others the lack of structure was a drawback, particularly as it was felt that this could obscure the nature and extent of the progress they were expected to make by the end of the Explore stage. Organisations that were less developed at this point felt that it would be beneficial to have a more defined programme, with activities such as group workshops or opportunities to learn some generic business skills. It was suggested by one participant (who was generally in favour of the sprint structure) that perhaps having a group session at the start of the Explore phase to set expectations of the sprint structure could provide a good compromise, to help manage expectations and encourage people to get the most from the process.

Activities undertaken in the Build Phase

During the Build phase the bi-weekly meetings continued, but the formal involvement of charity partners was discontinued. Group workshops were also added as part of the structure following feedback from the Explore phase. These covered a range of topics, such as different business model possibilities and conducting research with customers.

The feedback in relation to the workshops in the Build phase was somewhat mixed. While some thought the group sessions were really useful and had great speakers, others felt sessions didn't represent the best use of time. That being said, most participants described at least one workshop that they found useful.

“The person who hosted the workshop was brilliant... The people they got in were really good.” (Build interview)

“Even though I'm very busy at the moment and a full day workshop or almost a whole day workshop is a big time commitment, especially when we're fundraising, it definitely didn't feel like wasted time, I was very glad on both those occasions that I made the time for them.” (Build interview)

“One of the sessions was quite useful for getting into [different business models]. I think a couple of the others...[my colleague who attended] felt was not that good quality and not a huge, not the best use of time.” (Build interview)

One benefit noted was the ability to connect with the speakers on LinkedIn, and therefore the potential to use workshops as an opportunity for growing their networks. The workshops also encouraged new ideas among participants, with one noting that they had a new idea in relation to their business that they wouldn't have thought of had they not attended a particular workshop.

“A strategic piece basically opened up completely because of these workshops with Nationwide and the experts that they connected us to.” (Build interview)

More advance notice of the timing of the workshops would have been welcome, as well as notice of the content; having “more of a defined schedule” would allow participants to be better prepared. Furthermore, one participant suggested having follow-up sessions after the workshops to discuss next steps and how to implement what they had learned. However, some more fundamental issues were also raised: there was felt to be too many participants in the workshops to go into sufficient detail for each organisation, and perhaps three participants per workshop would have been more effective, rather than five. Those whose organisations were at a more developed stage may not have had the time to attend some group events, or see them as relevant to their stage of development.

Overall, while the feedback was mixed, most viewed the workshops as useful and productive. Given the diversity of where organisations were in terms of their development, it would be challenging to host workshops equally relevant to all, so providing a variety may be the best approach – providing there is clear communication about which sessions might be most beneficial for which type of organisations.

In terms of the content of Build, some participants were expecting more tailored support to help progress their businesses. This was particularly felt by those who did not receive funding, as without this, the Build phase needed to provide a lot more (than the group sessions) to make it worth participants’ time. This is almost the opposite of some of the feedback from Explore in which participants expressed interest in group sessions and a more defined structure.

Funding

Funding was a notable point of contention for those who progressed to the Build phase. On entering this phase, there was confusion over the level of funding that each participating organisation could expect: some participants were expecting guaranteed funding from Fair by Design if they progressed to Build. In the background document provided by Nationwide at the start of the Incubator, written to provide applicants with information about the programme, it stated: “If you succeed in creating a tested and scalable solution, you will then enter Build where Fair By Design will work with you to secure additional investment (a minimum of £60,000) to fund the remaining 6-months of the Incubator.”

Given their stage of development at the end of the Explore stage, some participants who progressed to Build weren’t able to secure funding either from Fair by Design or other investors. Without funding during Build, these organisations stalled as they lacked the money to progress/build their products. Unsurprisingly, therefore, this misunderstanding over funding was a key issue raised within the interviews. One participant felt that to receive positive feedback at the end of Explore, to progress to Build but to then not be offered any funding was “a bit of a blow”. They felt that the funding “was misrepresented” within the background document provided to applicants.

There was some perception that, as Fair by Design is a Venture Capitalist fund, there was a lower likelihood of their more social purpose-focused organisation receiving investment. In other words, funding was more likely to be given to those with a clearer path to giving a return on investment. It was suggested that if there were a broader range of funders – beyond VCs – they might have had a better chance of securing investment. Participants expected that, as part of the incubator, they would be assessed differently to external applicants, but didn’t feel this was the case in practice; they felt they had no specific benefit.

“I felt like I'd basically just applied to Fair by Design for money and been told no, as if I were anybody else, not really part of a programme.” (Build interview)

An important learning for Nationwide therefore is that expectations should be managed and communications made clear, in advance, and participants should be clear before applying what the funding situation will be. While participants said they probably would have applied anyway even if they had known the funding situation, prior knowledge would have helped them to better prepare. Consequently, some participants had to take up other work again during Build in order to fund themselves.

It should be noted, however, that – unlike the previous OB4G programme – decisions over funding in the Incubator were not solely within Nationwide’s remit as it was being run in partnership with Ascension’s Fair By Design fund. As this was a new partnership, differing views on funding criteria impacted some of the funding decisions, leading to some delays.

2.1.2 Organisation of the Incubator

A general theme from across the Explore and Build stage interviews was the importance of setting clear expectations as early as possible, and ensuring that participating organisations had a clearer view of how the programme would play out. While there was a need for the programme to adapt to the specific and ever-evolving needs of each organisation, this appears to have led to a lack of certainty about what would happen and when.

Timing

Within both Explore and Build, the timings were clearly an issue for many participants. There was a considerable delay before participants found out whether their application to the Incubator had been successful. After this, there was a further delay of six weeks before the start of the programme, and a perceived lack of communication from Nationwide during this time. This made it difficult for some participants to plan their schedules. One participant also noted that the funding arrived later than expected and this had an impact on what they were able to use the funding for.

“I think maybe realistic expectations of how long something like this takes to set up and to administrate would have been useful.” (Build interview)

There was similar ambiguity about the timeline for the Build phase; one participant expected Build to be wrapping up by Christmas but – with the workshops starting later than expected – the programme was pushed back. Participants weren’t entirely sure when the Build phase would finish, with one participant noting that it felt ‘indefinite’. There was no upfront schedule of when the workshops would occur and, as noted previously, participants would have felt more prepared had they been given advance warning. One participant noted that they were unsure how many workshops were left. There was also a three month break between Explore and Build, which for some participants felt like a “limbo period”, as they waited to hear whether or not they would progress to the next stage.

Setting expectations

Participants in Explore would have benefited from greater clarity about both what to expect, but also what was expected of them. It wasn’t clear to some, for example, how to progress to Build, and

whether there would be a need to pitch to Fair By Design. One participant noted the lack of clarity over what 'Explore' meant, as they had been required to produce a prototype, which appeared to them more of a 'Building' exercise. Another participant felt they may have made more progress if it had been clearer what was expected from them: not knowing what was required of them at the early stages led to a 'stressful' rushed approach towards the end.

Within Build, participants had a better idea of what they could expect, although they didn't always feel that these expectations were met. Some participants had expected to receive funding (as noted previously), while others had expected to continue to work with a Charity partner.

"I was expecting maybe in the Explore phase for there to be set workshops or at least some sort of guiding principles around what's expected of us before build." (Explore interview)

"With us all being at varying degrees of start-ups, like different levels, it would have been useful to kind of know what's expected of me." (Explore interview)

"A very hurried approach right at the end when the penny dropped on a few things and it did get quite stressful." (Explore interview)

Communication

Overall, better communication from Nationwide throughout the Incubator would have improved the experience, as well as the effectiveness of the Incubator. This lack of communication affected various other aspects; for example, had it been better communicated that participants might not receive funding in Build, they could have better prepared for this eventuality. Similarly, clearer communication would have helped participants understand what was expected of them, which may have helped them meet those expectations.

Amongst those who had experience of other incubators, this was the main area where the Nationwide Incubator was lacking. However, despite some critique about the level of communication, as we describe in more detail below, participants were complimentary about the Nationwide team members who were running the programme, describing them as 'helpful' and a useful 'sounding board'.

2.1.3 Relationships with key stakeholders

Throughout the Incubator, the participants encountered a number of different stakeholders, including the charity partners assigned to them, the Nationwide team, other participants in their cohort and the wider network that they managed to build. This section considers some of these relationships.

Charity partners

During Explore, participants were matched with a charity partner who helped each participant to explore and develop their solutions based on their knowledge and experience of poverty-related issues. Participants were overwhelmingly positive about the involvement of charity partners and this was a key driver of the success of the Incubator.

Participants were very positive about the knowledge that the charity partners had and the value this added to their propositions. They also commented on the networking links they were able to make thanks to the charity partners and that this helped them to engage with the right organisations and people. The charity partners had valuable experience, were able to bring a new perspective to bi-

weekly discussions, provide context to poverty issues more widely and helped participants think about things they perhaps wouldn't have thought of without their involvement. Participants felt that the matching process worked well and having the charity partners involved was a reason why one of the participants was encouraged to apply to the Incubator in the first place.

“The charity partners and the way they've matched everything up is amazing” (Explore interview)

“Absolutely invaluable.” (Explore interview)

“[The charity partner:] that's benefitted me the most, without doubt.” (Explore interview)

“In terms of affiliation of partnership, that's been really useful to get my head around the kind of wider ecosystem that this all sits in.” (Explore interview)

“It was one of the attractions of applying when I looked at the partners but that's the partner I thought was the best fit and it turned out to be the one that they thought was the best fit as well.” (Explore interview)

“Having a subject expert to make you feel like your ideas aren't utter nonsense!” (Explore interview)

In fact participants would have liked to have had the opportunity to become *more* immersed in the charities. For example, one would have liked more access to lived experiences directly (e.g. by being able to listen in on calls with debt advice clients). While circumstances prevented this, another felt that it would have been productive to visit the charity in person for the day.

While there was no charity partner involvement planned for the Build phase, on the whole, this would have been welcomed, and could have proved useful. The feedback from the Charity partners was that many would also have been willing to continue the partnership on to the next stage.

Nationwide involvement

Participants across Explore and Build praised the involvement from the Nationwide team, specifically mentioning the value that Phil and Mohammed added to the programme. The Nationwide team offered the ability to set-up meetings and contact with internal and external connections that wouldn't otherwise have been possible. Nationwide was seen as very responsive to everybody's needs in different ways and were praised for the time, resource and energy that they put into the Incubator process. The experts at Nationwide (and having Phil and Mohammed in meetings) also helped progress their products in concrete way.

“They [Nationwide] can bring tailored experts in which we wouldn't have been able to access otherwise, which was brilliant.” (Explore interview)

“Nationwide have given time and resource and given energy to it.” (Explore interview)

“Phil and Mohammed have just been supportive.” (Explore interview)

“We've sent some stuff back and Phil's commented on it and had some helpful ideas and he's been a good sounding board, like that's been useful.” (Build interview)

“Phil and Muhammad are fantastic, provided a lot of support and moved heaven and earth to help us - my only suggestion is have less regular, but more intense touch points (potentially in person once in month) - a lot of value could also be gained from involving previous incubator cohort members in some of these events.” (Survey response)

Interaction with others in the cohort

Within the Explore stage, it was noted that there was a lack of opportunity to socialise with the cohort, although participants recognised that Covid restrictions made this more challenging, and were driving the lack of face-to-face contact. The extent to which this was an issue depended on individual factors, such as how much time participants had and whether they were working in teams or individually within the organisation. Those with larger teams were able to bounce ideas off one another, whereas those from smaller companies could have benefited more from the shared expertise of other participants.

By the Build stage, however, it appeared that Nationwide had done more to create a sense of community among the cohort, and participants broadly found this helpful. The group workshops in Build provided moral support and gave them a sense of being part of a cohort. Participants felt they had been able to gain useful feedback from other founders and also received useful input from other members of the cohort regarding their products.

Overall, it appears that being able to socialise with other members of the cohort is valued by participants and that this had already improved within the Build stage of the programme.

Developing other networks

Whether through charity partners, working with Nationwide or other cohort members, one of the key strengths of the Incubator was that it allowed participants to build key sector knowledge and grow networks. Participants across both stages commented on the amount they had learned from expert input and how this had progressed their solutions (discussed further in the next chapter).

“Getting his expert input has been second to none.” (Explore interview)

“Amazing to have a digital expert on hand.” (Explore interview)

*“What we found most useful about Nationwide is they’ve got a really broad circle of experts and contacts.”
(Explore interview)*

“Being able to knowledge share or cast a second eye or get a recommendation for a piece of software or a company, you know, before you go for a contract is really helpful.” (Build interview)

“I like the other founders and they have definitely given me some good tips.” (Build interview)

2.1.4 Overview of process evaluation findings

Positive feedback

- Participants appreciated the Incubator's values – and were impressed by Nationwide's efforts to understand the issues faced by people in poverty.
- Applying for the Incubator was easy and flexible.
- The programme was tailored and personal to the needs of the cohort.
- Participants valued their engagement with the charity partners and more generally were impressed with the range of contacts that they gained through the programme.
- Nationwide effectively addressed participant feedback from Explore to Build; for example, doing more to create a sense of cohort in the Build phase.

Lessons for future Incubators

- Greater clarity needed as early as possible about what participants can expect and what is expected of them. While there were benefits to running a flexible programme, some also would have preferred greater notice of workshops and earlier clarity about timelines.
- Related to this, participants also wanted clarity over the likelihood of receiving funding in the Build phase. To ensure that clarity can be offered, it is important that all parties involved in the running and funding of the programme are on the same page about how funding decisions will be made, so that funding criteria can clearly be communicated to participating organisations.
- There were challenges in providing an incubator structure that works well for organisations across all stages of development.

3 Impact evaluation

In this chapter we examine some of the impacts of the Incubator on the successful applicants and charity partners as well as the potential impact of the Incubator on reducing poverty.

3.1 Assessing impact

The purpose of the impact evaluation is two-fold:

1. To assess the impact that taking part in the Incubator had on the development of each of the participating organisations. This might mean impact on growth of the business or might include impacts on the products or services that they offer and impacts on those working in the organisations (such as skills or network development).
2. To begin to assess the impacts that each participating organisation is having for their end-users. For example, how many people are using their services and are they saving money/time?

Impact evaluations of this nature are more common among government, public sector or third sector initiatives, but – as argued in our previous evaluation of the Open Banking for Good (OB4G) programme – it is also important to build an evidence base around the outcomes and impacts of for-profit technologies and innovation (especially where there is potential for wider social impacts). There are multiple challenges in doing this; for example, it is impossible to know how each organisation would have developed had they not been part of the Incubator. It can also be challenging to access sufficient data for a full impact assessment, given the commercial sensitivity of such data.

For these reasons, our methodological approach is mostly qualitative, documenting participants' journeys through the Incubator. This involved semi-structured interviews with each participant towards the end of each of the two stages of the Incubator. We also worked with each participant to encourage them to concentrate on building-in ways to measure the impact of their product or service on their users. Following the Build phase of the Incubator, those who had completed that stage and had developed a product or service likely to have data from end-users were sent a request for data showing:

- Evidence of growth since taking part in the Incubator – including number of users before/after taking part, partnerships with other organisations, new funding received, and changes in staff numbers.
- Evidence of impact on users – specific questions varied depending on product offering, but included financial impacts on users, such as money saved.
- The profile of users – socio-economic and demographic characteristics of those who are using the product/service.
- Evidence of impacts on partners – for example, how have organisations that they have partnered with benefited?
- Case studies of customers supported, which illustrate the impacts that the organisation is having on those living in poverty.

Where such information was provided, we present it below; however, the overall response from the cohort was limited, so for some we use other sources of information, such as impact reports – though it should be noted that such statistics may result in more positive conclusions than independent analysis might achieve.

3.2 Participant's stories

Seven applicants were accepted onto the Nationwide Poverty Incubator, two of whom completed only the Explore stage, while five progressed to Build. Below we give an overview of what each participant's business was focused on.

Five participants who completed both Explore and Build



MoneyMatiX

Providing financial capability and life skills to vulnerable families with a particular focus on those from diverse communities. An educational approach to provide tools and guidance to help people out of poverty.



Plend

Helping 'subprime' borrowers access affordable credit. Helping people who could be 'reliable borrowers' but are excluded because of problems with traditional credit scoring e.g. young people who haven't built up credit. Use own scoring method (PLENDScore), based on open banking data, to establish affordability.



Pocket Power

Empowering people on low incomes by putting money back in their pockets. Utility switching and discounts for digitally excluded low-income households.



Satchel

Transforming insurance from being opaque, outdated, and biased into a service which is transparent, affordable, fit-for-purpose, and fair for tenants in the UK.



Tembo

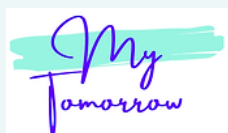
Creating financial fairness between generations through family lending. Helping families pass wealth to younger generations so that they can get onto the property ladder or take next steps in life. Helping people unlock family funds, for example through adding a family member's income to a mortgage or through re-mortgaging a family members home and gifting the proceeds to the buyer.

Two participants who completed just the Explore stage



Flank

Enabling people to lend and borrow money with their friends and family in a way that improves relationships. To manage and repay loans in a way that is accountable and safe.



My Tomorrow

Helping women take action with their financial goals. Providing a safe space for women to talk about and manage their finances for their future. An educational approach focusing on community and personalisation.

We will explore each participant's story in detail, looking at their background and journey throughout the Incubator process. We will also establish the impact that the Incubator had for each of the participants.

3.2.1 MoneyMatiX: financial capability and life skills for diverse communities

Background

[MoneyMatiX](#) was established by founder Tynah Matembe in 2019, a mum of 2 who migrated from Uganda to the UK 13 years ago. MoneyMatiX aims to deliver financial capability and life-skill resources to diverse families via bespoke programmes and a digital platform. Tynah was accepted into and participated in the NatWest Business Incubator which helped shape and set up MoneyMatiX. MoneyMatiX wants to use education to ensure that minority communities – which include Black, Asian ethnic and disabled groups of people from all backgrounds – are well-informed and can access the support and services they need to alleviate their (or lift them out of) poverty. MoneyMatiX is for anyone that may be financially vulnerable but with a particular focus on those from minoritised ethnic backgrounds. Another key area of work for MoneyMatiX is a focus on young people, to help make sure adults have the right skills to teach their children about money.

The problem they wanted to solve

Within their application, MoneyMatiX highlighted that ethnic minority communities can be underserved by existing financial systems and services which can make their already poor financial, physical, and mental health worse. They identified that those from ethnic minorities can face several challenges, typically related to cultural and language barriers e.g., not understanding bills, not being able to set up businesses/ apply for the best careers aligned with their experiences, lack of access to fair pricing etc. From her own personal experience, Tynah (the founder) found herself advocating for diverse communities with regard to their rights, such as establishing their eligibility for benefits or preventing them from being exploited by private landlords.

The proposed solution

A family-focused financial wellbeing digital-first platform that incentivises users (minority groups, their families, and children) to track and achieve financial wellbeing goals by offering them cashback rewards and tailored services that encourage learning and signpost them to use appropriate financial wellbeing products/services/interventions.

The free educational app would offer the following;

1. Personalised Planning tool kit – Create a needs and gap analysis that identifies the right products/ services/actions that the users need to meet life goals.
2. Pocket Money Manager – To help parents teach children about money. Children can earn pocket money from their parents or can earn cashback by undertaking life skills or financial education eLearning modules.
3. Gamification – Competitive streaks and leader boards that the whole family or community can take part in.
4. Rewards – Users can earn cashback on taking up banking products /services with MoneyMatiX partners/affiliate clients, completing eLearning and fitness goals and referring the platform to families and friends. Users can redeem their earnings in cash or exchange for other offers within the platform.
5. Community – A social forum for users to discuss and learn from the MoneyMatiX network's lived experiences

Their journey through the Incubator

At the time MoneyMatiX joined the incubator, they had already developed an initial prototype and were ready to start testing their product.² They came to the Incubator with a strong understanding of the needs of those from ethnic minority backgrounds, but were aware that this was not the only group who could be financially vulnerable so were looking to explore which other key groups their product could serve.

Prior to the Incubator, MoneyMatiX did not have a technology product developed. They had been working in communities delivering in-person workshops, which they tailored to different organisations (although these workshops moved online over the course of the pandemic). However, during Explore, they developed their digital prototype, to allow people access to educational tools via a website or an app. A key part of their Explore phase was therefore focused on turning their expertise and grassroots knowledge into a digital experience. MoneyMatiX planned to monetise the app by selling it to organisations who are likely to work with vulnerable people (e.g. employers or Credit Unions), with the individuals then being able to access the resources for free.

MoneyMatiX worked with Fair Money Advice as their charity partner. They attended bi-weekly meetings with Fair Money Advice and Nationwide (Mohammed and Phil). MoneyMatiX valued the input from the charity partner both in terms of their knowledge on financial vulnerability but also for their technological expertise (to help with their digital expansion).

Impacts of the Incubator on their organisation

After Explore, MoneyMatiX felt that they were better positioned to help reduce the Poverty Premium. The knowledge gained from the Incubator influenced the way they approached the amount of time between engaging with a customer to actually saving them money, and impacted on their solution in this respect. During Explore, they developed their solution in such a way that enables users to save money immediately. As such, the discussion and advice from both Nationwide and their charity partner improved their approach, and on progression to Build, they would be implementing this in

² MoneyMatiX took part in both Explore and Build. However, they only took part in one interview with the Personal Finance Research Centre (at the end of Explore). Therefore, the following information will look at their journey and the impact of the Incubator during Explore only.

order to help people at a bigger scale and more quickly than they could have done without the Incubator process.

“The solution that we’ve now designed means that from the first engagement with MoneyMatix I can save someone money immediately, I can help them to start chipping away at the poverty premium immediately, which is fantastic.” (Explore interview)

MoneyMatix also reported that **having access to a digital expert on hand helped them to avoid mistakes and therefore saved them money**. They felt this expertise meant that they were able to bypass several processes that otherwise would have cost them time and money as an organisation. Therefore, they valued the sprint structure of the Incubator and felt that the funding received during Explore helped them to develop a digital platform.

“[Without the incubator] I wouldn’t have a digital platform.” (Explore interview)

MoneyMatix believed they had progressed well by the end of Explore, but noted that the next steps for them would be to secure partnerships and organisations to purchase their product. It is not possible to establish any impact the Incubator had on MoneyMatix in terms of business success, as they were not yet trading at the time of their interview. However, without buy-in from organisations their product wouldn’t be able to progress, and they needed customers to pay for the product in order to start rolling it out.

When we last spoke to MoneyMatix they were not yet trading fully and therefore we were unable to establish the impact they may be having in terms of reducing the poverty premium. However, the MoneyMatix website is fully operational, offering programmes aimed at organisations to offer to their employees or clients, or for individuals. These are aimed at both adults and young people, and offer either online programmes or more involved workshops.

Summary of key impacts

MoneyMatix identified the following ways in which the Poverty Incubator impacted their business:

1. **Increased knowledge** – felt more confident to tackle different aspects of the Poverty Premium after the Explore stage.
2. **Quicker development** – able to progress more swiftly than outside of the Incubator. Avoided mistakes (due to expert input) that would have cost them time otherwise.
3. **Enabled expansion to digital** – Wouldn’t have a digital platform without the Incubator (because of funding and expertise provided).
4. **Saved money** – Through avoiding mistakes they could have made without expert input and through funding provided.

3.2.2 Plend: lending for those left behind by traditional credit scoring

Background

Plend believe that everyone in the UK who can afford a low-interest loan should be able to access one. Robert Pasco and Jamie Pursaill built Plend in May 2020, a product designed to lend directly to those left behind by traditional credit scoring. Both founders were part of a generation of people with ‘thin’ or inaccurate credit histories and had witnessed the impacts that bad debts were having on their close friends.

The problem they wanted to solve

In their application to the Incubator Plend described traditional credit scoring as ‘broken’. They reported that for people who the sector call ‘subprime borrowers’, (those considered to represent a higher risk to lenders), the options for affordable credit can be very limited.

Research by Experian highlighted that there are over 5 million (5,049,129) people in the UK who are ‘invisible’ to the financial system, because there isn’t enough information available about their financial track record.³ This is particularly prevalent for young people who haven’t yet established a credit record, older people (who have paid off their mortgage or haven’t previously relied on credit) and recent immigrants (who may have a limited credit file). Research by PWC noted that there had been a 29% increase (between 2016 and 2022) in the proportion of people in the UK with no credit history.⁴

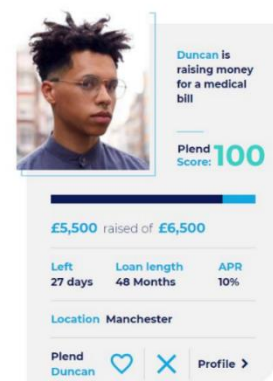
Plend highlight that for those who have inaccurate or invisible credit histories, it can mean not being able to access credit or having to rely on expensive short-term lending products which aren’t suitable for what they really need.

The proposed solution

When Plend applied for the Incubator they had two key aspects of their solution. They were developing; 1) a peer-to-peer lending platform, and 2) the PLENDScore – an alternative method of credit scoring potential borrowers.

The peer-to-peer lending idea involved a ‘Social Lending’ model, where individual lenders would be able to pick borrowers from a profile (with pictures and background story) to lend to. Potential borrowers would create a public lending campaign on the Plend site and state how much they want to borrow, similar to other crowdfunding platforms. Open banking-enabled credit assessment would allow potential investors to choose which campaigns to support, and lenders would receive interest on their investment.

Plend were also developing The PLENDScore as a new form of credit scoring for use in their peer-to-peer lending product (and other applications). It uses live transaction data from Open Banking to produce an affordability assessment for potential borrowers. Open Banking allows Plend to analyse how people are spending or saving their money in granular detail, thereby building a picture of their affordability.



³ Experian (2022) [‘Meet the 5 million ‘credit invisible’ Brits still at risk of exclusion from the financial system’](#).

⁴ PWC (2022) [Overlooked and financially under-served](#).

Plend were keen to focus on longer-term loans, rather than high-cost short-term credit and were aiming to provide larger loans over a longer time period than competitors. They felt this would put people in a stronger financial position by borrowing a meaningful amount of money.

Their journey through the Incubator

Plend joined the Incubator in a relatively advanced position. At the time of their application, they had already established a near-complete platform and had a waiting list of over 800 users looking to test their product. Prior to their application they had been part of other incubators, in which they had validated their proposition, stress tested the model and conducted initial user testing. They had also already acquired funding of £60,000 to fund their platform development. Upon applying to the Incubator, Plend were looking to run a BETA version of their product.

When we spoke to Plend in Explore, they were about to put their product through testing, by running dummy loans through it, and they felt the testing was progressing well. They were also in the process of applying to become FCA regulated; they had submitted their application and were waiting to hear back with a decision (which they expected to take some time).

The team were also focusing on establishing partnerships with other lenders (whose values aligned with Plend). They were looking to offer their PLENDScore technology to other lenders for free, as doing so would not only give lenders more data and information on who to lend to, but would also allow Plend to analyse the data captured through other lenders' loans. Therefore, Plend's main aim for the Explore stage was to develop partnerships and gather more data about their product.. Through the Incubator, there was also a potential opportunity to become Nationwide's official referral partner for those who had been rejected loans by the building society. Such discussions began to take place during the Explore phase.

Plend understood their journey as an opportunity to make mistakes and challenge assumptions prior to launching their product. Therefore, access to the knowledge of Nationwide and other experts was a key part of this. During Explore, Plend worked with StepChange as their charity partner. They took part in bi-weekly meetings with both StepChange and Nationwide, and used these meetings to engage with a range of additional experts and contacts (facilitated by Nationwide). These discussions led to changes to core aspects of their business strategy and policies. For example, the session on how to establish a values-aligned and effective collections process (for those who weren't repaying loans) challenged some of their fundamental assumptions about the collections process, and led to a change in certain internal policies. They were also able to establish connections with and learn from a collections agency that had B Corp status and were known for ethical collections.

"It's making sure that any...mistakes...or misunderstandings or lack of knowledge...get bottomed out and exposed in those workshops rather than when you launch live" (Explore interview)

Plend believe that tackling the poverty premium is a key element of their business and values, in particular, that unequal access to credit penalises those without a good credit score by charging them higher rates. As such, they want to make sure that throughout their journey they didn't lose focus on their key mission to help widen access to affordable credit. An important part of their business model is provision of low rates of interest and therefore a key part of their journey was ensuring that their business could be successful whilst still charging low rates of interest. They were also focused on how they could run and build the company with their values in mind and were therefore looking to get B Corp status and to join the Responsible Finance network.

By the time of the Build phase interview in April 2022, Plend had made further progress, including confirmation of their FCA approval, and they were looking to go live with their full product launch within the next month. They had hired three new team members, as well as moving offices. They had submitted their application for B Corp status and had become a supporting member of Responsible Finance⁵. Their discussions with Nationwide about becoming a formal declines partner were still ongoing and they had been accepted (as part of a consortium which had emerged through connections made as a result of the Incubator) for the Government-funded No Interest Loans Scheme⁶ tender. They had also partnered with three new organisations who were ready to start using the PLENDScore, which was an important step for Plend in gathering loan performance data. This will help Plend better understand whether the PLENDScore is identifying appropriate people to lend to, and if not, why not. It would also create a great 'reciprocal network' that they were 'very excited' about.

One important change for Plend, however, was moving away from their peer-to-peer lending concept. By the time we spoke to Plend in Build, they had abandoned from this aspect of their proposition and were now concentrating on obtaining institutional debt lines to fund loans.

Following their participation in the programme, in November 2022, it was announced that Plend had secured an additional £40 million from new and existing investors.⁷ The business had also expanded its offering, having launched a 'green finance' product allowing customers to use low interest loans to purchase solar panels, heat pumps and other green energy installations (via a partnership with MakeMyHouseGreen).

"It's been a big, exciting journey, we're definitely coming up to some big milestones and... the Nationwide programme has...followed us quite nicely...through that process." (Build interview)

Impacts of the Incubator on their organisation

Plend considered the Incubator to have had a positive impact on them as a business, in a number of ways. They had gained practical insights that they wouldn't have otherwise, and they had made connections with people who had a major influence on their strategy, had helped build their policies and shape how they run as a business. Consequently, they believed they had built a better service for their customers. Having the support from the incubator felt like having "cheerleaders"; receiving confirmation that the product is good and will make a difference was beneficial in progressing their business.

"The practical insights we've got...I don't know how else we would have got them. I don't know apart from by making real mistakes kind of out there in the wild." (Explore interview)

The Plend team really valued the huge lengths that the Incubator team went to in order to help them access Nationwide data that they could use to train their credit scoring engine. This was a 'really large dataset' that offered them a wide range of practical insights to improve their business.

During the Explore stage, Plend also broadened their view as to who a vulnerable borrower might be, and they expanded their ideas of who they might work or partner with (for example, credit unions).

⁵ <https://responsiblefinance.org.uk/>

⁶ Fair4All Finance (2021) '[Plans announced for new UK wide No Interest Loan Scheme pilot](#)'.

⁷ Peer2peer finance news (2022) '[Plend secures £40m from new and existing investors](#)'.

The Incubator also encouraged them to think about measuring their impact early on and implementing that from the start of the business.

“From increasing our knowledge of the space to making connections to people we would never have met, to giving us data to train our model, to making us rethink who our audience could be or how we look at vulnerable customers.” (Explore interview)

By the end of the Build phase, Plend had progressed well and reached some important milestones (as noted within their journey). The key impacts of the incubator on their business were:

1. **Increased knowledge** – Gained practical insights and access to data from Nationwide that they wouldn’t have received otherwise. Able to avoid mistakes during launch.
2. **New connections** – Nationwide helped open doors both to potential partners and to a range of experts who helped challenge their assumptions about their business and potential users.
3. **Revised proposition** – No longer focused on peer-to-peer lending. Adapted who their audience and partners could be.

Overall, it is difficult to fully assess the impact that the Incubator specifically had on Plend, and on their success so far. Plend came to the Incubator in an advanced position and had already secured their own funding to develop their platform. Nevertheless, the Plend team believed they had gained knowledge from the Incubator and that it had opened a lot of doors for them as a business that they might not otherwise have been able to reach.

Impacts for end-users

Since their full product launch in June 2022, Plend have been sharing a number of key statistics about the impacts that they are having. Their figures show the following:

- Between June and September 2022, they had processed over £35m in loan applications, of which over 80% was to consolidate overdraft and credit card debt. The September figure was a significant increase on the figure of £23m for August. This continued to grow over time and by February 2023, they had processed a total of £87 million in loan applications.
- The average interest rate that users were receiving was 13.96% in September 2022. They estimated that customers would typically be incurring interest rates of approximately 40% if using competitor credit cards or overdrafts for credit.
- By using their product(s), they estimated their typical user was saving £1,364 in the fourth quarter of 2022 (compared to high-cost-short-term-credit providers).
- 98.8% of their loan book was ‘fully performing’, with 0.49% currently in arrears as of February 2023.
- In Q4 of 2022, they estimate that around three-quarters of their loans were to customers who would otherwise have been ‘excluded’ due to ‘impaired’ credit files and one-in-five customers were on low incomes.

By the end of Build phase of the Incubator, the cost of living increases and rises in inflation meant competitor interest rates would be likely to increase, thereby making Plend even more valuable to users. Plend were hoping to be able to offer larger loans than their competitors, to make a more tangible difference to the lives of their consumers.

Plend have committed to tracking financial inclusion in the UK more broadly over time. In mid-2022, they published a report – with input from Nationwide and the Smart Data Foundry – looking at the

state of financial inclusion in the UK, based on a nationally representative survey of 5,507 UK adults in January 2022.⁸ A second credit exclusion report is due to be published in March 2023.

3.2.3 Pocket Power: utility switching for the digitally excluded

Background

After the founders met on the Year Here programme⁹, Pocket Power was created to empower people on low incomes by putting money back in their pockets. The aim of Pocket Power is to partner with Social Housing Providers to help people on lower incomes save money on their bills. It is particularly targeted at those who are digitally excluded and who therefore would be less likely to be able to take advantage of online switching (for example, through price comparison websites).

The problem they wanted to solve

People on lower incomes can face higher household bills because they are time poor, lack access to the technology needed, are unsure if they can switch and face market design constraints around meters, debt etc. Pocket Power refer to these barriers as 'The Three Ts': 'time, tech & trust'.

These problems are frequently seen within social housing, as problems with bills often start at the beginning of a tenancy. The move-in process may be rushed to reduce void periods and so tenants rarely get a full explanation of what bills they are responsible for, how they can set them up or who their existing suppliers are.

The proposed solution

A free phone service to help people apply for eligible discounts (for water, energy, council tax etc.) and switch to cheaper energy, broadband and phone providers. In future this would look to expand to cover other bills and costs such as car insurance and bank accounts.

Reaching customers through partnerships with SHPs, the phone service aims to address the time and technology barriers people face (by identifying all discounts someone is eligible for and undertaking switches within a one-hour call).

Their journey through the Incubator

By the time Pocket Power applied for the Incubator, they were already working with a number of organisations. They had already piloted the service with Poplar Harca Housing Association (7,000 households) had partnered with Metropolitan Thames Valley (57,000 households) and Catalyst Housing (21,000). They had helped over 100 residents and within the first trial with Harca had saved 20 residents an average of £420 a year each.

They applied to the Incubator to help turn their idea into a viable business and to scale quicker than they otherwise would have been able to. The Nationwide Incubator was well aligned with their business aims, and it felt the right time for them to take part in such a programme.

They were partnered with Christians Against Poverty (CAP) and participated in bi-weekly meetings, which they felt encouraged them to 'move fast' and develop their ideas more quickly. Through conversations with Nationwide and CAP they were encouraged to expand their initial telephone service to also include a digital component. At first they were sceptical of this idea, but later saw more

⁸ [Plend Financial Inclusion report 2022](#)

⁹ <https://yearhere.org/programme/>

value in. By the end of the Explore phase, they were considering creating a digital dashboard which either customers themselves could use to input their financial details to see what they could save, or staff at housing associations could do so on their behalf.

Throughout the Incubator they worked to secure new contracts with SHPs and on setting their pricing. They secured additional contracts and at the time of their second interview were in negotiations with others.

Much of their time in the Build phase was spent finding a new co-founder who had more of a digital focus, to help build that side of the business. They did not receive additional funding during Build, which made it more difficult to progress, however were planning to look for funding in the next few months.

Impact of the Incubator on their organisation

As mentioned above, one of the biggest impacts that the Nationwide Incubator had on Pocket Power as a business was that it encouraged them to expand their initial telephone service to also include a digital component.

They also adapted their funding model from a commission only model to also include a flat fee, which could have a big impact on the profitability and sustainability of the company. While the telephone service remains a key aspect of Pocket Powers business, expanding into digital provision could help more customers in the long run (for example, by providing text/email reminders to customers). The Nationwide Incubator encouraged them to '*look bigger*' and made their business more '*resilient*' and adaptable.

“The way we look at our business now compared to the start is from my perspective quite different.” (Build interview)

Following participation in the Incubator, Pocket Power saw the number of partners that they were working with increase, securing an additional five new partners (on top of the four already worked with). They also received additional funding from the Royal London Incubator and saw their team double from two FTE staff to four.

The key impacts of the incubator on their business were:

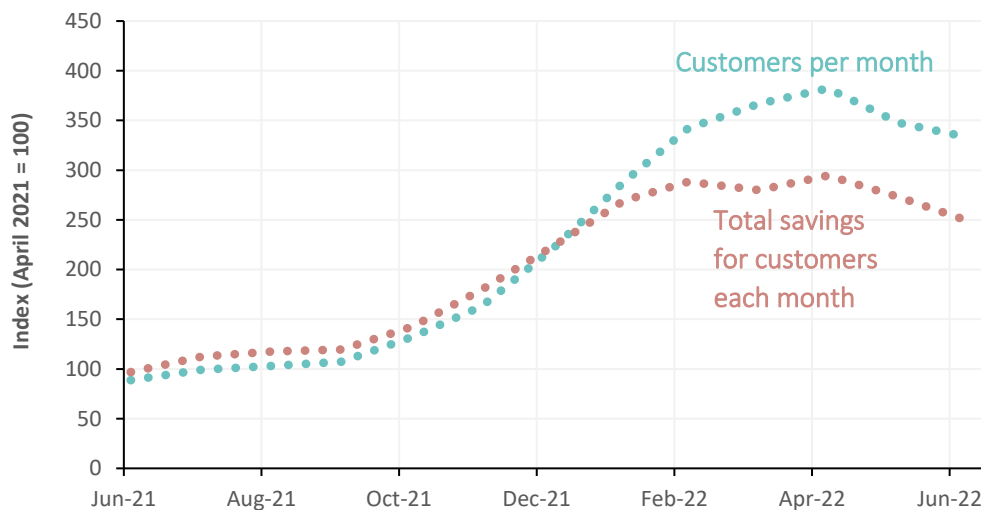
- 1. Encouraging them to widen their service** – expanded to provide a digital service as well as their initial telephone service; and they also expanded the range of household bills that they can support people with (from energy, water and broadband to banking, car insurance and replacement appliances).
- 2. Growing as a business** – during their time in the Incubator, the organisation was able to achieve more partnerships. It is likely that this happened quicker than it otherwise might have had they not taken part.

Impacts for end-users

Over time Pocket Power reached many more customers than they were at the start of their Incubator journey. As Figure 3.1 shows, the number of customers that they were dealing with per month nearly quadrupled by Spring 2022, compared with Spring 2021. In absolute numbers, they had 31 customers per month in April 2021 and this had increased to 125 by May 2022. Similarly, the total amount that they saved customers tripled over this period, from £6,600 per month in April 2021 to a peak of £23,100 in May 2022.

The average amount that their customers saved was £187. The typical savings had decreased over time due to changes in the energy market, as fewer of their customers were switching energy supplier and more were switching other types of provider (for example, phone packages or other types of discount).

Figure 3.1 Growth in Pocket Power monthly customer numbers and monthly savings for customers from 2021 to 2022, throughout the period of the Incubator



Notes: Customer numbers and total savings both indexed so that their values for April 2021 = 100. An index score of 200 represents a doubling, 300 represents a tripling, etc. Chart shows 4-month rolling averages of index scores to smooth out month-to-month variation.

The average length of a call to arrange utility switching was around 45 minutes. While there isn't data on how long it would typically take a customer to do this switching themselves, Pocket Power point out in their impact report that approximately 30% of consumers don't try to switch their bills or seek discounts because they believe it will take too long or be too much hassle.

Pocket Power's impact report also sheds light on the profile of the customers they supported in 2021 and the types of utilities they helped them with:

- **437** people supported with household bills in 2021.
- **Half** of these households had someone with a disability or long-term illness
- **70%** were out of work
- **158** were single parents
- **21** had English as their second language
- **110** switched their energy provider, while **213** water discount applications were completed, **63** accessed the Warm Home Discount, and **43** were helped to find a cheaper broadband dealer.
- This equated to total savings of **£98,870**.

By early 2023, they had helped over 2,000 customers save over £200 per year, saving over £400,000 for their customers in total.

They also conducted a small-scale survey of a sample of customers three to six months after using their service, and found that 13% of these had used the savings to clear their debts, while 50% had been able to save more regularly than they had before.

3.2.4 Satchel: making home contents insurance more affordable

Background

Peter Hawking-Sach has a background in academia and working within the housing sector on housing projects for the homeless and those in social housing. He had seen a need for better insurance cover for social housing, but until he became aware of the Nationwide Incubator this remained just an idea. His organisation, Satchel, was therefore founded in direct response to the Incubator, with the aim of providing more affordable and accessible contents insurance for tenants.

The problem they wanted to solve

Satchel felt that home and contents insurance can be opaque, outdated, and biased for many tenants in both the Private Rental Sector (PRS) and the Social Housing sector in the UK, despite being a safety net that many others easily access and combine with other services to benefit their lives. For many, engaging with insurance products requires a high level of financial and digital literacy. Obtaining insurance can be a complex process, made harder for those who are time poor. These barriers encourage distrust in the benefits of having insurance and can make obtaining insurance difficult for those who want it. Furthermore, insurance pricing and risk assessment benefits those most well-off and well-placed to engage with the market.

The proposed solution

Satchel's proposal initially centred on two different ideas:

1. The development of a **Poverty Premium Code of Practice** and subsequent policy campaign for adoption by all insurance providers in the UK. Working with policy-makers and key stakeholders in the insurance industry, the Satchel Group would develop the Poverty Premium Code of Practice as a means to create more transparency in the industry whilst also enabling fair access to essential products for those that need them most.
2. The provision of an agile, adaptable, **consumer-led insurance product** which reinvests its surplus into providing insurance and cover for those least able to afford it and most in need.

Their journey through the Incubator

The Incubator provided an opportunity to develop the business right from its early stages. The idea for Satchel was developed specifically as a response to the Incubator application – and as a result, the idea about what the product would actually look like was still fairly vague. However, the details of their insurance product was firmed up considerably during the Explore phase of the Incubator. They had established that the product could allow people to pay weekly for insurance or 'as and when they can'. The product would provide a requisite level of cover proportionate to the amount of weeks that they pay over the course of the year. For example, if customers pay 26 weeks out of 52, they would receive 50% aggregate cover for any claim they need to make. Satchel had also developed a longer-term ambition of wanting to develop a network of housing associations and local authorities that could help offer the insurance product to tenants.

A key aim was to learn as much as possible about the insurance market during Explore. Satchel worked with Fair By Design as their charity partner, who were 'brilliant' and had a shared vision with Satchel. Satchel learned more about the wider sector – for example, the work that housing associations do on this area and what other charities and third sector partners are already working on. The charity partner was able to provide examples of organisations that Satchel could reach out to for potential partnerships. Satchel felt that the charity partner prevented them from being 'overwhelmed' with the size of the market, as Satchel is just one person. The charity partner gave them a sense of support that Satchel found 'really useful'. During Explore, Nationwide helped Satchel with their product development and by the Build stage, the feedback they were given at the end of Explore meant that Satchel had been able to develop a viable potential product.

Within Build, Satchel took part in one of the group workshops as well as attending the bi-weekly meetings with Nationwide. Satchel continued to gain a better understanding of the wider sector and were able to start growing connections with large insurance companies, other funding organisations and accelerators (connections facilitated by the Nationwide team). By the end of the Build phase, Satchel felt they had developed a much firmer proposition. They had solidified what outcomes they wanted to achieve and felt comfortable approaching people for funding, as opposed to being someone with '*just an idea*'. However, Satchel had not started building the prototype and without additional funding they were unable to start building the product.

At the end of Explore, Satchel indicated that the next steps would be for them to engage a software developer and to build a prototype. This would then hopefully be tested in a real-world environment (for example, through a regional pilot). They hoped that in future they would receive further funding to enable them to build the software and hire a team, most importantly to hire a co-founder, for example. Satchel discussed the possibility of engaging with a larger insurance provider rather than building their own platform from scratch in order to get the product developed quickly. During Build this was still their aim – they were still looking to obtain funding in order to start building the product.

When Satchel came to the Incubator part of their solution was a 'code of practice'. In essence, they had wanted to develop a policy document for the wider industry to engage with. During Build, they had decided that this would no longer be part of their proposition. Although still very interested in policy, work was already being done within this space and felt it better to focus on building the product: "*Let the policy works do what they do best*".

Impact of the Incubator on their organisation

As aforementioned, Satchel was developed as an idea, specifically as a response to the Incubator application process. Therefore, without the Incubator the business would potential not exist:

"The business only really exists because of the Incubator." (Explore interview)

Satchel came to the programme in very early stages of development and therefore the Incubator helped transform Satchel's initial ideas into a potential business – refining their insurance product idea and causing them to abandon their original Code of Practice idea.

As Satchel did not receive funding during Build, they approached additional funders – but at the time of our last interview, they were yet to receive the funding they would need to build the product. This meant progress in the Build stage was somewhat slower than they would ideally have liked. Nevertheless, the key impacts of the Incubator on the organisation are summarised below:

1. **Developed idea** – organisation was created specifically in response to Incubator and grew from being just an idea to having a firmer proposition.
2. **Improved knowledge of sector** – the founder gained a fuller understanding of insurance and the wider market.
3. **Connections with experts** – made connections with a range of organisations, including the charity partner, because of their involvement with Nationwide.
4. **Refined key aspects of their proposition** – decided to move away from their original Code of Practice idea and focus entirely on the insurance product.

3.2.5 Tembo: helping younger generations onto the property ladder

Background

Founded in 2020 by Richard Dana and Eddie Ross, Tembo is designed to help get younger generations onto the property ladder. Tembo's mission is to help people in a less fortunate financial position to achieve their life goals. It primarily enables older generations with substantial property equity to use that to lower the

The problem they wanted to solve

In their application, Tembo described how difficult it can be for younger generations to afford their first home, taking 13 years on average to save for a deposit. For those on below average incomes, the difficulty in affording to buy a home is even greater. For those with poor credit, the impact gets even greater still – with lower lending multiples, higher deposit requirements and increased interest rates – or, in many cases no lending at all. Since 1995, the number of first-time buyers has fallen from 600k per year to 350k. History suggests that over the medium-long term, it is financially beneficial to own rather than rent when possible. Wealth creation is higher for those who own rather than rent and in the short-term, monthly mortgage payments can be cheaper than rent for the equivalent property.

As Tembo cited by Tembo in their application, over 55's meanwhile own £1.8 trillion property in the UK – which equates to nearly three-quarters of all property in the country – but 93% of this property is owned outright with no debt secured against it. Tembo felt that this could in fact be leveraged to solve the problems that younger generations are facing.

The proposed solution

Tembo is focused initially on helping people with lower incomes, smaller savings and weaker credit scores get on the property ladder. They do this by helping families unlock funds from property or leveraging income to support younger generations.

A user finds Tembo and completes an online application. Technology developed by Tembo then identifies the optimum borrowing structure for their family, generating an automated Tembo Plan tailored to their needs. Further data is collected before arranging a call with the individual, their families and an FCA regulated advisor. Tembo then unlocks funds from the parents or family members home, using either a Retirement Interest Only or Later life repayment mortgage. The funds are transferred to the buyer, and they also arrange a first-time buyer loan for them too.

Although not developed upon application, Tembo was also considering broadening their product scope to include Joint Borrower Sole Proprietor (JBSP), Guarantor and other collateral-based lending products. They had also taken on-board feedback from families and wanted to include more families

in the process, allowing them to input their views and take a more active role in developing the service.

Tembo's vision was to develop a family lending platform that enables each family to access tools and advice to enable them to make the most of their finances.

Their journey through the Incubator

Prior to applying for the Incubator, Tembo was already reasonably developed, with a team of eight people. They had already conducted some initial testing on their concept, with encouraging results, helping 50 first time buyers onto the property ladder (an estimated 70% of which wouldn't have been able to get their home without Tembo).

At the point of applying, they were in the process of finalising their fundraising and closed with a £2.5m investment led by Ascension Ventures/Fair By Design with support from Aviva Ventures, Bloom Ventures, and some angel investors.

The 'charity' partner assigned to them for the Incubator was Nationwide's mortgage team – which they felt helped them make good progress. Their main product (direct to consumer, helping people onto the housing ladder through equity release, or income supplement) grew and began generating revenue. Furthermore, they developed direct partnerships with Nationwide in two ways:

- A direct partnership for those declined for a Nationwide mortgage
- A partnership relating to an app run by Nationwide that helps first time buyers onto the property ladder (e.g. by analysing their expenditure)

Over the six months before and during the Build stage, they had seen their revenue grow around 45% each month and had been helping around 45 customers per month. 40,000 customers had completed a plan with Tembo. Tembo had also employed more staff over that time.

Tembo had also progressed by establishing a partnership with a large housing provider. They were hoping to offer a product similar to the government Help to Buy equity loan and when we had last spoken to Tembo they had already sold two equity loans under this partnership.

Impact of the Incubator on their organisation

As mentioned, Tembo were already gaining significant traction prior to the Incubator, having raised a £2.5m investment already. Nevertheless, the main impact of the Incubator for Tembo was the deeper relationship they built with Nationwide. By the end of Build, Tembo had established a partnership with Nationwide, whereby if someone is declined a mortgage by Nationwide they would refer them to Tembo who would then offer them a product to make up the difference needed to go alongside a Nationwide mortgage. This had the potential to have a huge impact on their business and partnering with Nationwide helped build trust in the Tembo brand more broadly. Similar equity release products have had a bad reputation in the past, so building trust in Tembo was very important. Partnering with Nationwide also gave them direct access to customers who have been denied a mortgage, potentially allowing them to reach more users.

While Nationwide may have built a relationship with Tembo outside of the Incubator, Tembo felt that the Incubator allowed for the relationship to progress much faster.

Impacts for end-users

Tembo have published a number of figures to illustrate the impacts that they are having for their users:¹⁰

- They estimate that on average their customers (who could have received a mortgage offer elsewhere but at a more expensive interest rate) save £14,000 in interest over 5 years by using their Deposit Boost product (based on 253 Tembo users who completed a Deposit Boost mortgage illustration between January and April 2021).
- 70% of Tembo users (who created a mortgage illustration between January and April 2021, n=1,302) wouldn't be able to buy a property of the value they wanted without the Tembo product.
- Over 33,000 people had obtained a mortgage illustration with Tembo, between August 2021 and July 2022.

The research team have not yet been able to obtain further information on the profile of users and the numbers who have gone on to obtain a mortgage through Tembo.

3.2.6 Flank: making borrowing from friends and family safer (Explore phase only)

Background

Flank was established in 2019 as part of the Year Here programme to enable people on low/irregular incomes who have borrowed money from their friends or family to manage and repay their loans in a way that is accountable and safe. The founder Catherine Josephine (CJ) Tayeh, was also previously part of the FCA's Digital Sandbox cohort of 2020.

The problem they wanted to solve

Flank were interested in the issue of people on low or irregular incomes turning to family or friends as a source of informal borrowing. They felt that while borrowing from friends and family can be *'fast, convenient, flexible and affordable'*... it can also be *'uninformed, unclear, uncomfortable, and unsafe'*. Borrowers can lose relationships they value, which in turn weakens their support networks and wellbeing.

The proposed solution

Flank proposed an intervention that provides both financial and emotional support to borrowers. Through the Flank platform, people could calculate personalized, fair and affordable repayment plans for loans that they had received from family or friends. They could then track their payments over time, while the system would also allow them to communicate with the lender (and to access specialist community debt advice if necessary). To ensure affordability, Flank don't allow people to charge interest on repayment amounts under £100. They would cap interest at 12% APR.

¹⁰ Plend (2021) ['Transparency'](#).



Personalised, fair, affordable credit terms

Terms that respond to parties' changing income, debt and living expenses (enabled by open banking and predictive analytics, AI/ML)

Nurturing nudges

Positive prompts to embed trust-building behaviours and enable narratives of achievement

Shared, transparent tracking

Common records that act as a clear, visual "source of truth", with ux flow to enable joint updates

Connection and support

Integrated "slack-like" messaging, connecting borrowers, lenders and support ecosystem (eg. community debt advisory)

Their journey through the Incubator

Flank had already developed a prototype version of their product prior to entering the Incubator. In the Explore phase, however, they were encouraged to 'sit with [their] idea' and re-design it to some extent. This helped them to think more about their product and their wider mission, while working with their charity partner StepChange. They said that it helped them to crystallise what they were 'all about' as a company. They ultimately did not go through to the Build Phase of the Incubator, but felt that the Explore process had been useful and getting positive feedback at the end was "so valuable" to them as a business. Since then they have been adapting their business model, exploring a B2B proposition that enables firms to better detect, understand and engage customers experiencing vulnerability.

3.2.7 MyTomorrow: enabling women to get their finances in order (Explore phase only)

Background

MyTomorrow was set-up to enable women to begin to get their everyday finances in order so that they can start saving for the future. They focus on a number of challenges but are particularly focused on addressing the issue of gendered poverty and how that impacts women in later life (e.g. lack of pension saving).

The problem they wanted to solve

MyTomorrow wanted to deal with the fact that women are disproportionately affected by a range of financial issues. In their application they cited research showing that on average a woman's pension pot is a third the size of a man's (£50k vs. £150k for men). Taking time out for caring responsibilities and the gender pay gap account for a large proportion of the pension gaps encountered. They point to a range of behavioural and cultural reasons for this gap: a reluctance to talk about money; tendency to save vs invest; jargon-filled financial products that do not feel accessible. MyTomorrow also carried out their own research – from surveys (500 women), events (over 350 attendees at various events) and one-to-one interviews with over 20 women about their needs – which they used to help develop a solution to solve some of these issues.

The proposed solution

They developed a personalised planning product with an educational element, which aimed to empower women to engage with their own finances. The proposed product was an online platform where women (first) can safely plan, interact with MyTomorrow and get access to the education, products and services required to feel in control of their current and future finances. They hoped to give users “everything in one place” so aimed to deliver an online dashboard. The product is a one-to-one personalised service, which pinpoints areas where women are traditionally put off from accessing financial products and services e.g., Jargon, how communications are presented.

The MyTomorrow product would have three phases: 1) the planning phase – where the user provides details of their financial situation and initial goals are discussed; 2) the decision phase – where the user is shown different scenarios for improving their financial situation; and 3) the action phase – where the user receives a report with concrete products and services they can access which would help them, and they can then take action to improve their situation.

Their journey through the Incubator

MyTomorrow had had its first two paying customers in February 2021 prior to applying, and were serving 27 active users on a regular basis at the time of their application. While the Incubator forced them to some extent to slow down and rethink their product, they gained a lot from their relationship with their charity partner Fair Money Advice – this included experiencing a different perspective, listening in on some debt advice client calls and generally benefitting from the charity’s expertise. Ultimately, MyTomorrow did not progress to the Build stage of the Incubator.

3.3 Summary of impacts

Positive Impacts on participating organisations

- Access to expertise that they wouldn't otherwise have been able to draw on, which has resulted in:
 - Bringing a greater understanding of the needs of intended markets into product development (charity partnerships)
 - Development and improvement of digital offering (Nationwide expertise).
- Forming Partnerships and Networks: the connections built through have opened business opportunities for many of those involved.
- Improving the proposition: the incubator has given the organisations the space and knowledge to produce more viable products or services than they were planning prior to involvement in the Incubator.
- Quicker growth: this has saved the organisations both time and money by moving to a productive position in a shorter time.

Positive impacts for end-users

- End users have saved money:
 - on interest paid: Tembo and Plend both calculate that their customers have saved money
 - on bill payments: PocketPower calculate the amount saved through cheaper bills.
- More end users have benefited as quicker development of the product has meant they are operational earlier than otherwise, or digitised and therefore able to reach more customers or clients.
- End users have access to outcomes that they may not have otherwise (improved credit score or owing own home for example).

4 Conclusions

The importance of ‘grounded innovation’ to the Incubator

The Nationwide Poverty Incubator, like the Open Banking for Good (OB4G) programme before it, was built around a ‘grounded innovation’ approach. Central to such an approach were three key ambitions:

- It should tackle real and grounded challenges.
- It should create time and space for innovation.
- It should foster collaborative learning through a process of co-creation.¹¹

These principles certainly helped to give the Incubator a unique feel to it, with a number of applicants being highly impressed by the way that it was set-up to tackle very real problems faced by those in poverty in the UK. The time and effort the Nationwide team dedicated in researching and producing a challenge document which outlined many of the challenges related to the poverty premium, for example, was evidence that the Incubator did not simply exist as a means to finance viable businesses but to make a meaningful difference to those in poverty as well. The grounded innovation approach was also visible in the way that participants were encouraged to take time to reconsider and explore their fundamental ideas about their business and their potential users – even though at times this may have been frustrating for participants, it was clear that some had used this time and reflective space to radically alter their plans. Plend, for example, dropped their peer-to-peer lending model, while Pocket Power decided to offer a digital solution in addition to their telephone service. Lastly, participants hugely valued the process of co-creation and collaborative learning with their charity partners. They gained significant knowledge, expertise and contacts from the charities – though some would have valued even deeper engagement, especially with the charities’ service users.

Implementation of the approach

Our process evaluation sheds light on the way that the grounded innovation approach was operationalised throughout the Incubator. While there was much positive feedback from participants, there were ongoing tensions between the flexible nature of the grounded innovation approach and participants’ desire for clear structure. This tension, however, is not necessarily indicative of fundamental problems with the approach but more highlights the importance of setting expectations early on in the programme. This may mean being clear with participants what activities and timelines are fixed, and which can be altered to better fit with participants’ needs. This is even more important given the range in stage of development among the participants when the Explore stage began. Expectations should therefore be individual to the participant organisation.

The ongoing impact of the COVID-19 pandemic should also not be ignored. While the OB4G programme, which ran pre-pandemic, involved co-location of the different organisations in the cohort during the Build phase, this was not possible during the Nationwide Incubator. Only late-on did most participants get to interact in person. This most likely affected earlier stage organisations to a greater extent, as their opportunities for learning from more developed organisations were therefore limited.

Achieving impact

While the principles of grounded innovation were clearly threaded through the Incubator, the question then is to what extent did this help the programme to achieve significant and sustainable impact? As previously noted, this question is challenging to answer relatively soon after the cohort had ended their participation and given that we can never know what would have happened had the

¹¹ Collard *et al* (2021) ‘[Designing social-purpose FinTech](#)’. In: Lui and Ryder (Eds.) (2021) ‘FinTech, Artificial Intelligence and Law’. London: Routledge.

programme not existed. Nevertheless, we can see qualitatively that the Incubator has caused participants to make changes to the businesses, has expanded their networks and has almost certainly been a driving factor behind some of their new partnerships and wider business growth.

That being said, only some of the organisations that participated in the Incubator have achieved the level of growth that they might have hoped for, while others are yet to launch their products or services. Plend, Tembo and Pocket Power appear to have made significant progress, though it is worth noting that these were all businesses that had either already secured significant funding or had already been delivering or piloting their product or service with end-users. For earlier stage businesses, the route out of the Incubator appears more difficult – though this is perhaps indicative of the general difficulty that early-stage start-ups face in scaling, rather than any particular challenges unique to the Nationwide Incubator or grounded innovation approach. Nevertheless, it is worth noting that, looking back on those organisations that participated in the OB4G programme, a similar pattern appears to have occurred. Indeed, one of OB4G’s smaller participating organisations described why they ended up bringing their business development to a halt following their involvement in the programme:

“We basically put a halt on anything product related, while we make sure that we can fund it appropriately, and it can be sustainable... in order to both help as many people as possible but most importantly find a way to monetize that in an ethical way.” (Interview with former OB4G participant¹²)

This speaks to a fundamental challenge at the nexus of social purpose and the development of a successful fintech company. While there are many tech products and services that potentially could be of significant benefit to lower-income consumers or those in poverty, there are far fewer that can necessarily make a viable business out of it. They are unlikely to see their product paid for directly by consumers in poverty – except by offering forms of credit (which may see firms widen their remit well beyond those in poverty) – so must turn to other organisations as a source of funding. These other organisations may not always share the same social purpose objectives or, if they do, may only be prepared to invest where there is an almost immediate return on investment and extremely clear evidence of impact that aligns with their own aims.

Broadly, therefore while funding exists to foster start-ups’ initial ideas, it is more challenging to then help social purpose-focused organisations scale. The Kalifa Review of UK fintech¹³ recognised that this challenge affects fintechs generally, regardless of whether they are socially-minded or not; however, it is an issue that appears exacerbated among those with more charitable objectives. It would seem important therefore that government and others consider how funding for such potential scale-ups could better be unlocked. In terms of the Nationwide Incubator, it arguably needs three phases: Explore – to develop the idea; Build – to develop the product; and Grow – to develop a longer-term sustainable funding solution.

Nevertheless, this is not to say that social purpose and scaling-up are incompatible. The organisations that have achieved success out of both OB4G and the Nationwide Incubator have all invested heavily in understanding the real problems faced by those in poverty or, in the case of OB4G, who are ‘financially squeezed’. Embedding themselves with charities – and, importantly, having their applications judged by these charities – ensures that social purpose is not just a PR exercise, but a central part of their mission. This appears to set them on a different path to that which they may otherwise take.

¹² Collard and Evans (2021) [Open Banking for Good: making a difference?](#)

¹³ HM Treasury (2021) [Kalifa Review of UK Fintech.](#)