

Guide to Responsible Innovation for
Professional and Financial Services Firms

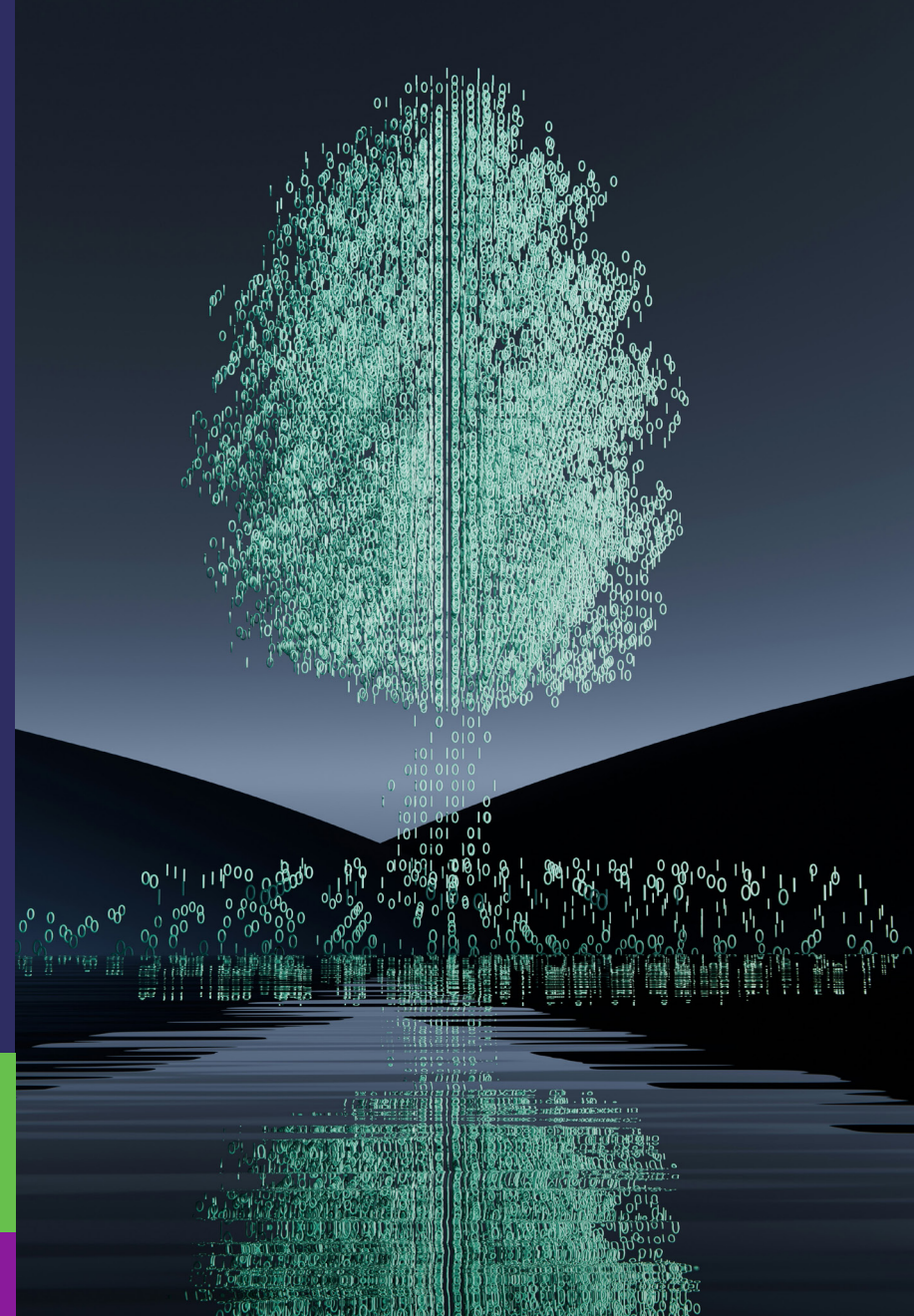
Responsible Innovation

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Innovate UK
and ESRC

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Introduction

Awareness of social and environmental issues has increased the expectation of consumers, employees, governments and regulators for organisations to act as agents of positive change. This shift is accompanied by a growing focus on financial inclusion, access to justice and ESG reporting.

At first glance, it may seem that organisations are being asked to compromise performance or undergo major operational changes. In a highly competitive and regulated sector like Professional & Financial Services (PFS), this can be a difficult message to accept.

Despite this, responsible innovation can be distilled, actioned and successfully implemented in any PFS organisation. The following guide will help you decode this complex topic, begin to appraise the opportunity it presents to your organisation and its key stakeholders and enable you to confidently take your first steps.

If you are already familiar with responsible innovation, we hope this guide serves as a useful refresher and offers new ideas for introducing the topic to others.



**Innovate UK
and ESRC**

Innovate UK and ESRC team:
Stephen Browning, Astrid Ayel,
Winn Faria, Martin Martinoff, Sarah Pagan.



Whitecap Consulting team:
Julian Wells, Michael Fletcher,
Queralt Smith Vila.

The Fundamentals

Critical questions this guide will help you answer

1

What is Responsible Innovation?

Responsible innovation represents a broadening of the typical commercial focus of innovation activity, to include social and environmental impact. This affects your objectives and the way in which you manage innovation processes as well as internal, stakeholder and external communications.

2

What does successful Responsible Innovation look like?

Ideas, processes, products and services that deliver meaningful commercial, social and environmental impact. Pitfalls to watch out for include irresponsible and unviable innovation, which jeopardise desired commercial, social or environmental outcomes.

3

How do I start to create Responsible Innovation?

Start current and small. Think about how you can solve existing business problems in a different way, describe why these matters and think openly. Building this capability will prepare you for a more formal, top-down approach by reviewing the societal and environmental context your organisation and clients sit within.



“Being transparent is really key. The reality is you are unlikely to deliver positive impact everywhere. But, as long as you are clear on where you know you are or will deliver impact, you can create a clear and positive message for your employees and customers.” – Matt Cooling, Director, ThinkSustain

“As a responsible business, ensure transparency in service delivery and sourcing practices and obtain third-party certifications to validate ethical claims. Measure and report on social impact and support local communities, the United Nations’ (UN’s) Sustainable Development Goals (SDGs) can be a useful framework. Partner with like-minded innovative organisations and educate clients about your sustainability efforts.” – Linda Achan, Co-Founder, Ayana Jade



The Fundamentals

Critical questions this guide will help you answer

4

How do I confidently balance the pursuit of commercial, social and environmental value?

There is no perfect formula, it depends on you and your organisation's ambitions. However, defining and tracking value is critical in every case.

5

How do I communicate Responsible Innovation to others in my organisation and beyond?

Proactive, open and transparent communication goes a long way and engaging your colleagues as part of this process is instrumental. Doing a good job at making long-term thinking feel achievable is critically important, especially for big social and environmental impact.

6

What is 'greenwashing' and how can I avoid it?

Greenwashing refers to organisations misleadingly portraying their products or services as environmentally friendly. You are unlikely to be engaged in greenwashing if you clearly define your goal, support this with a set of performance measures and track and share these on an ongoing basis.



"Professional and Financial Services firms need increasingly to build innovation into their structures and practices, which is something new for many of them; this presents a chance to build in responsible innovation as the norm, rather than as a bolt-on. Societal and environmental issues are here today and require action. These PFS firms should develop an innovation method that is inclusive and addresses these issues." – Martin Spring, Professor of Operations Management, Lancaster University Management School and Principal Investigator of the Technology in Professional Services (TiPS) Innovation Adoption Accelerator

"Responsible innovation is anticipatory, inclusive, reflexive and responsive. Leaders can spot it through practices like ethical impact assessments, user co-design, alignment with ESG goals and clear accountability for outcomes. Frameworks such as EPSRC's AREA (Anticipate, Reflect, Engage, Act) offer practical guidance." – Associate Professor Joel Mills SFHEA, Head of Generative AI and Digital Learning, BPP Education Group



What is Responsible Innovation?

Whilst an outdated perspective of successful innovation measures only positive commercial impact, responsible innovation expands this to include social and environmental value too – creating two interesting pitfalls.

Irresponsible Innovation

Delivering positive commercial impact at a significant cost to, or absent measures for, social and environmental impact.

Unviable Innovation

Delivering positive social or environmental value at a significant cost to, or absent measures for, commercial value.

What is social impact?

The effect of an activity or organisation on the well-being of a community or society. This might include improving well-being, encouraging connection or mutual support.

What is environmental impact?

The effect of an activity or organisation on the natural environment, its ecosystems and habitats. This includes, air, water and land.

Why is Responsible Innovation important?

£935m

estimated loss per year

by banks and building societies from not accessing disabled and vulnerable customer segments.

(Source: Purple, 2025)

73,000

unresolved prosecutions

in the UK due to court delays, which is also putting pressure on prisons. Enhancing the legal process can help address a societal issue.

(Source: BBC, 2025)

75%





disabled people and families leave UK businesses

due to poor accessibility or customer service.

(Source: Purple, 2025)

Finding the Balance in Value

Identifying and measuring each form of value is key to avoiding common pitfalls, including unsuccessful and irresponsible innovation and unviable responsible innovation. These are described in more detail in the table below.

Forms of Innovation: By Type of Value	Commercial Value	Social and/or Environmental Value	Examples for PFS firms
Unsuccessful Innovation 	Unknown or negative	Unknown or negative	A bank has heavily invested in cryptocurrency to differentiate itself as a leader in digital finance. Over time, high volatility in purchased crypto assets have driven financial losses and upon further inspection purchased tokens have recently been used for illegal activity.
Irresponsible Innovation 	Positive	Unknown or negative	A lending business has just launched a new consumer lending product, using AI trained on historic lending data to drive its decisioning. The new product boasts faster time to decision, but the AI decision engine disproportionately declines or delays applications from ethnic minorities, because the legacy data used is biased.
Unviable Responsible Innovation 	Unknown or negative	Positive	A law firm sets the target of reducing all paper use in its business to reduce waste and its environmental impact by migrating all of its processes to a poorly selected set of digital tools. Whilst paper and paper waste has been significantly reduced, the new digital tools cause frequent errors and delays and new concerns about data security.
Successful Responsible Innovation 	Positive	Positive	An accounting business has recently released a new sustainability reporting practice for its clients, which has demonstrably improved client compliance and confidence and has created a new revenue line for the firm.

Examples of Successful Responsible Innovation



Automated data feeds reduce risk of creating vulnerable customers:

The use of automated bank account data feeds in the process of affordability assessment. When applying for credit this can lead to a faster and more accurate evaluation of the applicant's ability to repay the loan.



Automation accelerating access to justice:

The use of automation (and AI) to automatically process refunds for delayed train journeys helps ensure more consumers receive the compensation they are entitled to.



Regulation driving greater action on energy efficiency:

The introduction of Energy Performance Standard (EPC) thresholds on rental property regulations means property investors are incentivised to make their properties more energy efficient.

Examples of Current and Future Social and Environmental Initiatives

Investment funds targeting green technologies and sustainable projects e.g. renewables or sustainable agriculture.

Sustainability reporting and assurance through targeted support for clients to comply with new regulations like the CSRD (Corporate Sustainability Reporting Directive).

Financial inclusion programmes focused on increasing financial literacy and access to financial services for underserved segments (e.g. disabled individuals and micro business founders).

Carbon footprint analysis, supporting organisations to calculate and reduce their carbon emissions.

Green contracting, helping draft and implement contracts with environmental clauses and mandate sustainable practices in procurement and other business activities.

Pro bono legal clinics, helping to support SMEs working on sustainability projects with free legal advice.

Decoding Different Forms of Value

It is important to be aware of what commercial, social and environmental values mean, what some examples of them are and how you and your organisation feel about their importance.

What do each of these forms of value really mean?	Commercial	Social	Environmental
Examples of expressing value in real terms.	<p>Accelerating revenue growth by, for example, launching a new product or service.</p> <p>Reducing operating cost through, for example, enhanced process efficiency and time saving.</p> <p>Improving profit margin through some combination of the above.</p>	<p>Improving stakeholder engagement, confidence or well-being.</p> <p>Equality of opportunity for stakeholders such as customers and employees.</p> <p>Participating with local supply chains.</p>	<p>Reducing carbon emissions through, for example, greater visibility of emissions data.</p> <p>Preserving natural resources, through adopting circular waste management.</p> <p>Evaluation of supply chain.</p> <p>Checking suppliers and stakeholders commitment to environmental management, for example, do they have ISO 14001 certification?</p>
Score of out 10 how important each of these three forms of value are for you and your organisation and why.			

What Do I Want to Achieve?

Where to start

Being really clear about the problem and why it matters

The quickest way to get lost as part of a responsible innovation programme is to be unclear about the specific problem you are trying to solve and why you wish to solve it. The 'why' behind your innovation should go beyond the problem and solution, it should accurately scope the potential impact of taking action. It is critical to be clear about the purpose of the innovation, including the targeted positive impact on society or the environment this innovation seeks to address.

To develop this purpose it may be helpful to define 'guiding values' for the impact you seek to deliver. It may also be helpful to formally detail how the innovation aligns with the purpose and strategic objectives of the organisation. For example, whilst some organisations may be willing to accept a reduction in profit to drive social or environmental impact, not many would be happy to make a loss on it.

Being really clear about which solution to select and why

Creating a list of ideas is straightforward, choosing between them in a clear and consistent way is more challenging.

A few criteria to consider when assessing options for responsible innovation might include:

- what is the desired versus forecasted 'payback period' for each innovation and for each value: commercial, social and environmental?
- clearly articulate the depth and breadth of the uncertainty around what the problem is, what is causing it and how it can be solved?
- how difficult is it to make certain these uncertainties?
- what intelligence and data gathering, engagement and governance is required to action?
- what drain on resources might this have?

Common pitfalls include:

- being unclear between the problem you are trying to solve, the solution you are developing for this problem and the impact you are looking to generate as a consequence
- poorly defining the guiderails for success can only lead to success by accident or, more likely, sprawling and cost inefficient innovation
- not being conscious and open that payback periods are typically shorter for commercial impact than social or environmental impact



"There is a common risk in responsible innovation where we naturally get excited about delivering positive environmental or societal impact and begin to justify poor commercial impact – as part of the greater good. If done correctly, there is room to achieve both." – Matt

Cooling, Director, ThinkSustain

Missing the mark: commercial value

The process of carbon offsetting involves an organisation making financial payments towards credits to offset their carbon footprint. In principle, these act as a mechanism for organisations to invest in positive environmental impact and avoid any penalties from excess emissions.

However, whilst investment in these credits can generate positive environmental benefits, their commercial return has been ambiguous given credit rate fluctuations and varying quality of underlying projects.

What Do I Want to Achieve?

A process for iterative ideation

Whilst in principle there should be no dichotomy between generating commercial, social and environmental value, in practice the lenses through which we examine new and innovative ideas can make it feel like there is. Part of the issue is cost, some of it is timing

and much of the rest is ambiguity. To help navigate new and innovative ideas it is helpful to do so unhindered by the typical commercial constraints. Once an idea is formed, the next test should be: can it be tailored to meet these constraints?

So, a useful approach to solving this is to brainstorm new ideas in one room and examine them in a pragmatic way in another, using an iterative process to sharpen your thinking and evidence any assumptions which have been made to support it.

Responsible Thinking

Thinking 'outside the box' to develop new and innovative ways to generate positive social and environmental impact.

Example questions to ask:

- what are the most significant social and environmental challenges in our markets?
- if money were no object, how could we generate a positive social and environmental impact by solving these challenges?

Target outcome

To develop a short list of new and innovative ideas for generating social and environmental impact.

Commercial Grounding

Developing a process of examining new and innovative ideas in a pragmatic way.

Key questions to ask:

- what is the specific form of commercial value that is expected to be delivered?
- by when is this value expected to be delivered?
- what commercial risk does this innovation pose to the business?

Target outcome

To 'stress-test' new and innovative ideas from a commercial lens, developing a short-list of responsible innovations.

What Do I Want to Achieve? Brainstorming exercise

A 'bird's eye view': linking business functions, problems, potential solutions and value creation. Spend 15-30 minutes jotting some ideas below. Feel free to do this as a collaborative exercise with your team. At the end you should have a good list of initial ideas to test further.

	Responsible Thinking		Commercial Grounding
Business Function (Including a few examples)	A. Describe 2 or 3 of the most significant social or environmental challenges impacting your sector.	B. Select one of these challenges and, for each function of your business, describe 2 or 3 ways your organisation could help solve it.	For each solution in each function assess what commercial value this could bring, when this is expected to be delivered and the commercial risk this poses to the business.
Front-office e.g. sales and marketing, product and services delivery and development	Ensuring financial inclusion and addressing disparities in access to financial services Ensuring legal services are accessible to underserved communities Integrating environmental and social metrics into financial reporting and ensuring transparency and ethical behaviour in financial disclosures.	Implement AI-driven legal aid platforms to provide affordable legal advice and services. Develop financial products that support sustainable practices, such as green bonds. Offer services in environmental litigation and dispute resolution.	Commercial value – expands customer base and increases market share. Expected to deliver value within one to two years. Commercial risks – initial development costs and potential resistance from traditional banking customers.
Back-office e.g. finance and reporting, HR and administration, regulation and compliance		Climate risk assessments into overall risk management frameworks. Develop a specialised team to help clients navigate environmental regulations. Develop frameworks for integrating sustainability metrics into financial reports.	Commercial value – reduces costs and increases accessibility, attracting a broader client base. Expected to deliver value within one to two years. Commercial risks – staying updated with best practices and regulatory changes and risk of regulatory action if falling behind
Cross-cutters e.g. information and technology, leadership and governance, suppliers, partnerships and collaborations		Implement blockchain technology to enhance transparency and traceability in financial transactions. Advocate for pro bono work and community outreach programs led by senior partners. Promote financial literacy programs led by company leaders to educate underserved populations.	Commercial value – enhances firm reputation and builds strong community ties. Expected to deliver value within one to three years. Commercial risks – high implementation costs and the need for specialised knowledge.

How Do I Action Responsible Innovation?

From understanding to action

Communicating value

Making long term thinking feel short term and achievable

One of the greatest challenges for successful responsible innovation is communicating a vision and the targeted value within a typical PFS organisation's planning period. Whilst 3-5 years is considered a typical horizon for senior leadership, it is often too far out for operationally focused teams and 10 years is often too far out for everyone. 'Chunking' down a plan into quarterly or yearly actions will help get teams on the same page.

Testing the plan and getting buy-in can be more complicated than the drafting stage. We talk about the engagement process in a moment, but consider these questions if you are looking to test the plan beforehand.

Considerations prior to testing:

- outcome if we stray from the plan; try to answer for a range of dependencies throughout the plan
- in each case, what extra resources and time will be required to correct it
- the scope for misuse along the journey
- develop success metrics specific to the problem you are trying to solve e.g. number reduction in carbon emissions, number of vulnerable people supported

Stakeholder engagement

Getting buy-in, identifying champions and taking people along on the journey

Create an open and transparent dialogue with friendly stakeholders, those with shared values and motivations is key.

If possible, this approach should include a range of different types of stakeholders, be consensus driven and should start early in the process to foster trust, align innovation and societal needs and enrich the understanding of present and potential issues.

This might include internal stakeholders, experts and the public.

Example methods for getting input and sharing ideas:

- town halls
- hackathons
- internal workshops
- focus groups
- customer advisory boards
- social media polls and posts
- e-mail campaigns

Questions and Tips for planning and execution



Resources

What resources are required at each of the planned steps of execution – including human (e.g. technical, legal, sales) and financial?



Boundaries

Set clear boundaries around the resources, timing and scope set – develop a clear understanding about the consequences of exceeding them.



Accountability

Creating a sense of responsibility and accountability for the impacts its innovation creates is key, both for positive and negative consequences.



ESG

Ensure environmental, social and governance (ESG) considerations are integrated into deployment and communication strategies. Monitor and proactively address any emerging issues.



Performance

Monitor performance on an ongoing basis using hard metrics (including commercial, ethical, social and environmental metrics) and make adjustments as necessary as the innovation scales.



Compliance

Ensure your compliance team(s) is involved in your discussions during each of the stages of implementation, be really clear on what relevant regulatory guidelines and the required safeguards you need to build to remain compliant.

How Do I Action Responsible Innovation?

‘Greenwashing’ and the role of accreditations

What is ‘greenwashing’ and why is it an important consideration?

Greenwashing refers to organisations misleadingly portraying their products or services as environmentally friendly.

Whilst the term is specific to environmental value, the risk of misleadingly portraying the impact you deliver is relevant to social impact too. The reasons behind the label can be by accident or on purpose, but the adverse impact on a firms’ reputation is the same.

The primary mitigation of this risk is being really clear about the value you are aiming to deliver, how it is measured and tracked and doing so in the context of the organisation’s aim.

The focus of this guide so far has largely been about developing a clear understanding of what value you seek to deliver, by when and using what metric. If you do this successfully and take action with these in mind you are unlikely to be engaged in any green- or ‘social-’ washing.

What are accreditations and why are they relevant?

Whilst your organisation can do a great job of evidencing impact, the vision and link to purpose, there are many accreditations available which can help bring this to life.

However, not all accreditations are created equal and this is becoming increasingly common knowledge. To help decode this, there are broadly three types of accreditations:

‘Buy now and do whenever’

A simple exchange of money for accreditation, perhaps requiring a light touch review.

‘Do now and then whatever’

A more comprehensive review of an organisation’s social and/or environmental impact and internal policies. However, once the accreditation is received it is not frequently reviewed for improvements over time.

‘Do now and build forever’

Includes a comprehensive review and then provides an ongoing platform for recognising and sharing best practice.

“

“To avoid greenwashing, firms must imbed responsible innovation into governance structures, decision-making and reporting. This includes setting measurable targets, publishing transparent methodologies (e.g. for AI ethics or carbon impacts) and subjecting claims to independent audit or peer review.” – Associate Professor Joel Mills SFHEA, Head of Generative AI and Digital Learning, BPP Education Group

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Key Questions to mitigate the risk of 'greenwashing'

Examples for a SME law firm:

What specifically is the value I want this innovation to generate, by when and in what quantity?

The firm is looking to ensure legal services are more readily available to underserved communities through developing and launching a cost-effective AI-enabled B2C legal aid platform in the next three years, targeting 1,000 clients served in its first year.

Are you clear on what metrics you are going to use to measure this value?

Metrics might include volume of clients served, proportion of this volume that are from underserved communities, client satisfaction and positive legal outcomes.

Are you confident that you have access to, or know where to get access to, the data required to evidence these metrics?

The firm is already able to track client volume and get a sense of legal outcome (e.g. resolved versus not resolved). However, developing a view of demography and client satisfaction will require further data via surveys and clients creating accounts. The firm is working closely with its IT partners, compliance team(s) and other relevant departments to ensure data is collected and stored in a safe and secure manner.

What is the messaging going to be for explaining the intent and progress of your innovation?

The firm has a clear ambition 'helping to ensure legal services are more readily available to underserved communities' and progress can be demonstrated by the volume of clients from underserved communities served and client satisfaction.

Are you clear on what governance approach you wish to use to ensure the answers above remain answered and that progress is held account to these?

The ambition, targets and progress will be owned and frequently reviewed by senior leadership with input from the firm's IT, compliance and marketing team(s) where required.

How to Continue to Progress in Responsible Innovation

Useful links

Publicly available materials for further reading:

Introducing the innovation landscape more broadly and in PFS:

[UKRI 'State of Innovation' report](#)

[UKRI and Whitecap Consulting 'AI for Services 2025 report'](#)

Relevant frameworks for responsible innovation:

[UKRI 'Framework for responsible research and innovation'](#)

[Department for Science, Innovation and Technology 'The Model for Responsible Innovation'](#)

[PRISMA, 'The PRISMA Responsible RandI Toolkit'](#)

[ORBIT, 'The Six Keys of RRI'](#)

[Innovate UK and bsi, 'PAS 440:2020 Responsible innovation – Guide'](#)

[New Horizon, 'Societal Readiness Thinking Tool'](#)

[The Alan Turing Institute, Data Justice in Practice: A Guide for Developers](#)

Developing a deeper understanding about different forms of value:

[Crown Commercial Service 'What is Social Value?'](#)

[Social Value Portal 'Understanding the Social Value TOM System™ with our Chief Strategy Officer'](#)

Contributors to this guide:

Matt Cooling at ThinkSustain

Linda Achan at Ayana Jade

Martin Spring at TiPS

Joel Mills at BPP

Join the Innovate UK AI for Services Network:

Scan the QR code to stay up-to-date with all relevant opportunities and events for PFS, or [click this link.](#)



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Its mission is to help companies to grow through their development and commercialisation of new products, processes and services, supported by an outstanding innovation ecosystem that is agile, inclusive and easy to navigate.

www.ukri.org/councils/innovate-uk

Economic and Social Research Council (ESRC)

ESRC is the UK's largest funder of economic, social, behavioural and human data science.

www.ukri.org/councils/esrc

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The firm typically works with boards, executives and investors of predominantly mid-sized organisations and helping clients analyse, develop and implement growth strategies.

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