



**\*Nominated\***  
**BEST IMPACT FUND**  
Impact Awards 2019

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# Fair By Design

## Highlights & Learnings

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# Fair By Design

## The Poverty Premium



### THE POVERTY PREMIUM

The extra costs of being poor cost the average low income household **£490** a year, but for more than one in ten of these households it costs at least **£780**.

**#PoorCostsMore**

[www.fairbydesign.com](http://www.fairbydesign.com)



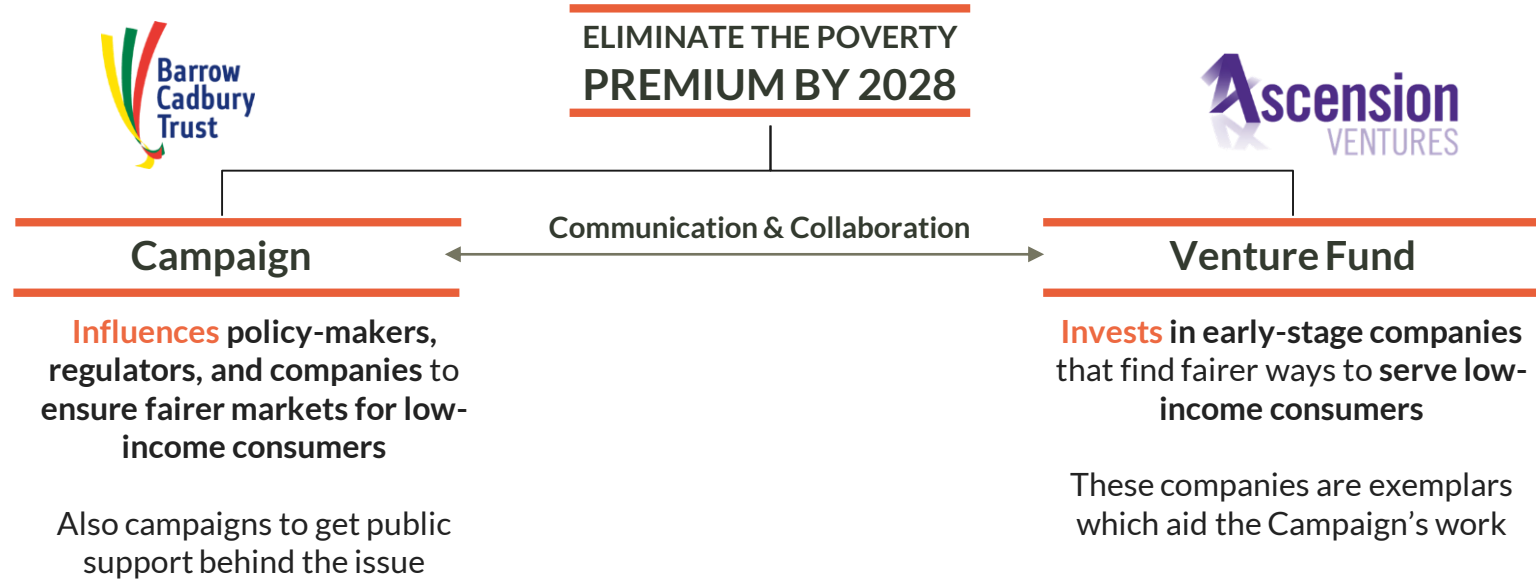
# Fair By Design

## Campaign & Fund

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*Ascension is an early-stage VC built by exited operators to back the next generation of impact entrepreneurs*

Ascension has been supporting UK impact start-ups on their journey from **Seed to Series A** since 2013

Assets Under Management

£25m

Live Funds

3

Portfolio Businesses

75+

# Ascension Operating Team

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Kip Meek  
Chairman



Jean de Fougérolles  
Managing Partner



Kieran Hill  
Partner



Emma Steele  
Investment Manager



Emma Blackburn  
Partner



Remy Minute  
Partner



Chris Wheatcroft  
AV Syndicate Club



Maryam Mazraei  
Investment Associate



Alicia Burke  
Platform & Marketing



Nico Albanese  
Associate



Rakesh Murria  
Head of Ops

# Proven Sector Expertise and Capacity to Deliver

multiple \$100m+ and \$1bn+ exits from their own businesses and angel investments

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## Venture Partners

25% Shareholders in Ascension  
(14)  
[View all](#)



Erik Blachford



\*UKBAA ANGEL INVESTOR  
OF THE YEAR\*



Vin Murria



Craig Fletcher



## Industry Mentors

(30+)  
[View all](#)



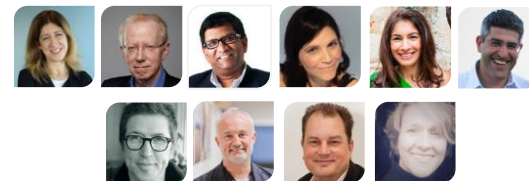
Kal Atwal



Howard Litton



Laurence Bret



# Fair By Design Fund (£10.3m) Portfolio & Track Record

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## Deployed Capital

£3.3m

## Number of Companies

11

## Value (%)

126%

### ENERGY

switchee

emrgnt



### FINANCIAL INCLUSION



incuto

CK CREDIT KUDOS



STEADYPAY

### DIGITAL INCLUSION



Kraydel

# UK Wide Deployment & Diverse Deal-Flow

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## Investee head offices include

- Ilkley
- Oldham
- Belfast
- Birmingham
- Bournemouth
- London

## Diversified Sources of Deal-Flow

- Accelerators/Incubators (5)
- Past Ascension Co-Investors (4)
- Investment Committee (1)
- Inbound (1)



# The Business case for tackling the Poverty Premium

Total Price of  
a Product or  
Service

**Fixed<sup>1</sup> Costs of  
Goods Sold**  
Including raw  
materials and  
overheads (e.g  
decentralised  
energy  
generation)

## Transaction costs

Including more 1-1 attention,  
building consumer knowledge,  
non-digital payment methods

- **Advances in technology** should be resulting in **reduced transaction costs**
- Some costs, such as face to face meetings, often needed for this vulnerable consumers, might be difficult to reduce. **Solutions are emerging** (e.g. more automation in fair credit institutions, use of sensor data for energy)

## Credit costs

Due to poor credit rating,  
high risk consumers,  
uncertain payment dates  
(e.g. non DD payments)

- **Some consumers are less risky, even with poor or no credit ratings.** Some will repay, others will not
- **Better customer behaviour information** could result in greater segmentation for low-income consumers and more accurate credit scoring (e.g. using Open Banking data)

## Profit

- Excess profit due to **low competition, cost of switching**, and higher target returns
- Tech4Good innovations re-balancing value distribution across supply chain (e.g. in-app switching)

<sup>1</sup>Fixed costs refer to costs which are the same regardless of the customer

# Using the Voice of Lived Experience in the Investment Process

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**Stage 1**  
Review

**Stage 2**  
Initial Call

**Stage 3**  
1st Meeting

**Stage 4**  
2nd Meeting

## **Stage 5**

### **Lived Experience Review/ User Led Design**

- Founders meet with a group of poverty experts
- They pitch the businesses and product roadmap
- Pro's and con's of the product / service, and future plans are discussed
- Experts come up with recommendations which are fed back to the founders
- Outcomes of the session are noted

**Stage 6**  
Investment  
Committee

# Fair By Design Fund Impact Reporting

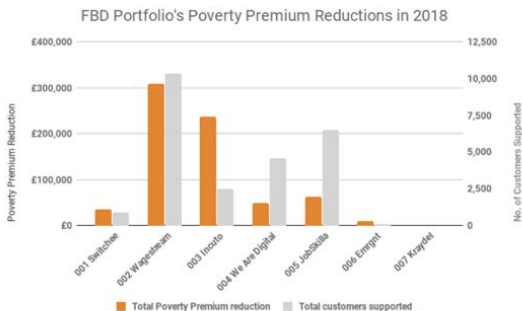
## Example Report

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### Poverty Premium - Reduction Estimates



- In 2018, FBD's investee businesses supported **25,079** customers
- The estimated Poverty Premium reduction is **£700,246**
- This equates to **£28** per person
- Estimations were made using a tool developed by data consulting agency Ecorys
- The tool maps the best available data for 59 different Poverty Premium categories
- Customers of the businesses are placed into the relevant PP categories then the extent to which they have addressed that Premium - e.g. 25%, 50%, 75%, 100% - is estimated, which produces a score for each customer segment / premium
- Results are totalled so that each business gets an aggregated reduction
- FBD notes that these estimations will be refined over time and are working closely with the investees to improve accuracy



#### Mission

Wagestream wants to end the payday poverty cycle by giving employees, including those that are on low income, the flexibility to stream earned wages into their accounts whenever they need to. It helps employees avoid payday lenders and escape the cycle of debt.

#### Target beneficiaries

Low-income shift workers

#### Target outcomes of the investment

Improved financial wellness for end-users  
Reduction of the cycle of debt for end-users  
Avoidance of high-cost lending for end-users  
Increase in employment outcomes for both end-users and employers



#### Geography of the beneficiaries

National

#### Type of investment

Equity

#### Size of the investment

**£275k**



#### Date of the investment

**19-4-2018**



#### Purpose of the investment

Growth Capital

#### Presence of security

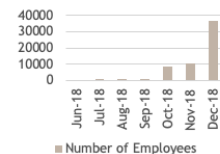
None

#### Key Performance Indicators

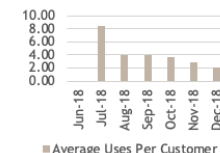
##### Number of active employers



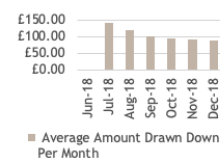
##### Number of eligible employees



##### Average use, per customer per month



##### Average amount drawn down, per month



#### Key Progress Since Last Report

- Raised a £3m follow-on at a £25m post money valuation. FBD increased its stake
- 33 current clients, including 1st Government contract
- Negotiations ongoing with 30 further clients
- In-app financial education now being sold into client base - partnering with Money Charity and Money Advice Service
- Looking to partner with Starling Bank for SaaS (Savings as a Service) product in 2019

#### Annual turnover

**£17.2k**



# Fair By Design Roadshows

Bringing innovators and changemakers closer to the local decision-makers influencing their local communities

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- FBD is hosting a series of events bringing together social impact innovators and decision-makers committed to tackling the Poverty Premium across the UK (**Oldham and Birmingham done to date**)
- Showcase startups solving specific aspects of the Poverty Premium and key enablers



*Being part of Ascension's FBD Roadshow was a tremendous boon for incuto. Bringing together stakeholders from the public and private sectors, all focused around eliminating the Poverty Premium. It helped successfully close some of our existing sales opportunities, create several new ones as well as build an ecosystem for our customers. The Ascension team's operational experience in actually running businesses has been instrumental in helping drive our success.*

Andrew Rabbitt  
CEO and Founder, Incuto

# A Thesis Driven Fund

## About Running A Thesis Driven Fund

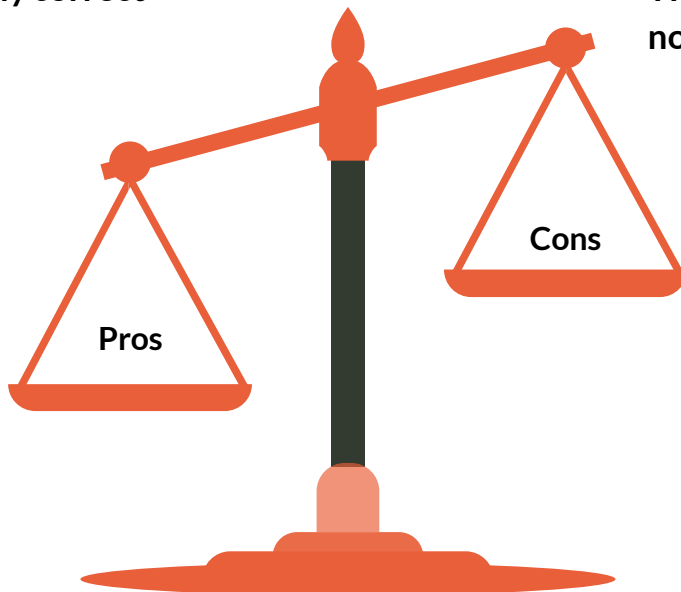
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### Better returns if thesis is directionally correct

- Promotes domain expertise
- Can quickly research/identify investment targets
- Fund becomes a beacon for deal-flow
- Significant ecosystem synergies



### Worse returns if thesis is directionally not investing in growth market

- Restriction on certain deals that may otherwise be attractive
- Risk of “bucket filling” and moving too quickly on deals that “fit” thesis

# Portfolio in the News



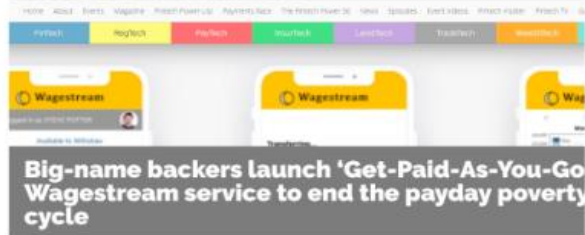
Bill Gates and Jeff Bezos back UK payroll start-up  
thetimes.co.uk



Wagestream launches revolutionary 'Get Paid As You Go' service for employers



## Fintech Finance



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Homepage News and publications News 'Get Paid As You Go' service for employers

### 'Get Paid As You Go' service for employers

07 September 2018

Payment platform, Wagestream, has partnered with 25 businesses in the UK to launch a revolutionary new financial wellness benefit for workers across the country.

Wagestream lets workers access their earned income at any time during the monthly pay cycle. Completely taking away the need to access credit or loans, it can be operational without any change to a company's cash-flow, payroll or timekeeping processes, and provides instant financial security to UK workers.



As Wonga Collapses, Zuckerberg, Bezos & Gates Back A Fairer Alternative To Payday Loans  
forbes.com

## Credit Kudos to develop consumer eligibility solution for ClearScore



UK FinTech ClearScore has announced the launch of its open banking powered-eligibility solution in partnership with Credit Kudos. The solution is expected to allow ClearScore to provide customized offerings to users with the application of open banking data and assist the customers who are either unable to use credits or loans or are forced to use high-cost options.

Andy Sleight, COO of ClearScore, commented, "At ClearScore, our aim is to help everyone, no matter what their circumstances, achieve greater financial well-being. However, it remains that a large proportion of the UK population is underserved by financial institutions and still held hostage by their circumstances. By partnering with Credit Kudos, we are aiming to change this. By providing lenders with more information via our open banking integration to improve their decision process and affordability assessments, we will open up the credit market to thousands of underserved users who have previously been rejected."

According to the supplier, the new solution will provide lenders access to decision models, product opportunities, up-to-date information as well as provide risk and affordability measurements. Borrowers will be able to securely share data from their bank accounts, thus increasing their chances of being approved for credits.



Freddy Kelly, CEO of Credit Kudos

## How Credit Kudos wants to credit score the un-scorable

The challenger credit agency wants to bring its data-centric approach to the unbanked and more financially vulnerable in society



By Scott Carey | Jun 13, 2019

## incuto named as tech partner for UK Treasury savings scheme

08 July 2019



Source: incuto

Fintech incuto, the next-generation banking platform for credit unions and community-based banks and lenders, has been selected by HM Treasury as the sole technology partner for the two-year pilot of its prize-linked savings scheme for credit unions.



**FAIR BY DESIGN**

Ending the extra costs of being poor

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Thank you

Emma Steele

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