

Honeycomb Credit raises \$6m in seed funding

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Kathryn Gaw

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Alternative lender Honeycomb Credit has raised \$6m (£4.71m) in a fundraising round co-led by SustainVC, Muditā Venture Partners, and the American Family Insurance Institute for Corporate and Social Impact.

The money will be used to boost the company's mobile experience and to expand its reach so that it can support more small businesses in the US.

Pennsylvania-based Honeycomb Credit runs an alternative funding portal which is used by business owners who are seeking non-bank financing, up to the value of \$5m.

The loans are funded by Honeycomb's network of 16,000 retail investors, as well as a cohort of institutional investors.

Since 2018, Honeycomb Credit has provided almost \$30m in funding to more than 400 businesses across 38 states.

In 2022, Honeycomb Credit partnered with Upstart Co-Lab to launch a “first-of-its kind loan crowdfunding platform” known as a loan participation fund, which allowed institutional investors to fund loan offerings for small businesses in creative industries across the US.

The fund’s early investors included the Jessie Ball duPont Fund, the A.L. Mailman Foundation, and the Souls Grown Deep Foundation and Community Partnership.

At the time, Honeycomb Credit said it believes this was the first time that foundations have taken part in investing in loans alongside the crowd.