

# Honeycomb Credit to launch loan crowdfunding platform

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April 27, 2022



US-based business lender Honeycomb Credit has partnered with Upstart Co-Lab to launch a “first-of-its kind loan crowdfunding platform.”

Known as a Loan Participation Fund, the new platform will allow institutional investors to fund loan offerings for small businesses in creative industries across the US.

Three investors have already committed \$600,000 (£476,520) to the venture. These are: the Jessie Ball duPont Fund, the A.L. Mailman Foundation, and the Souls Grown Deep Foundation and Community Partnership.

Operational support is being provided by a foundation of philanthropic funds.

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

George Cook, chief executive and co-founder of Honeycomb Credit, said that large foundations tend to deploy capital in hundreds of thousands or millions of dollars at a time, which can be more than a small business requires. He added that the Loan Participation Fund “bridges that gap, allowing foundations to write large checks but allocate the money to small businesses with the help of an intermediary.

“This way, big foundations can invest alongside the crowd at the scale that makes sense for helping local entrepreneurs grow their businesses,” Cook said.

Laura Callanan, founding partner of Upstart Co-Lab, said that the collaboration with Honeycomb Credit will bring much-needed financing to businesses in creative industries, “which play a vital role in every thriving local economy.”

By the start of 2022, the average loan size on the Honeycomb Credit platform was reported to be \$70,000.

Since 2017, Honeycomb Credit has distributed \$11.3m via 180 loan campaigns to businesses in 23 states and Washington DC.

80 percent of the businesses that have raised capital through the platform are creative economy businesses.