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Parafin Raises \$100 Million, Bumps Valuation to \$750 Million

- Firm offers loan products, spend management and savings tools
- Valuation was boosted from \$520 million at last equity raise

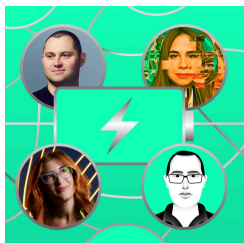
By [Emily Mason](#)

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Parafin, a financial-technology startup run by former Robinhood Markets Inc. employees, raised \$100 million in a late-stage round that may signal renewed investment in a category that has struggled to navigate a dry-up in venture capital funding.

The financing, which comes at a \$750 million valuation, was led by Notable Capital, with participation from Redpoint Ventures, the San Francisco-based firm said in a statement Tuesday. Existing investors Ribbit Capital, Thrive Capital, and [GIC Pte](#), Singapore's sovereign wealth fund, also participated in the round.

Parafin offers loan products, spend management and savings tools to sellers through marketplaces including Amazon, Walmart Marketplace, DoorDash and TikTok Shop. Their loans are often used to expand clients' operations by upgrading brick-and-mortar locations or buying more inventory.

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“Small and medium businesses are the backbone of the US economy yet banks do not have their backs when it comes to access to financial products, in particular, financing,” Parafin Chief Executive Officer Sahill Poddar said in an interview. “Incumbent methods rely on archaic methods such as personal

credit scores or require personal collateral, all of which hinders and deters the growth of small businesses.”

Parafin’s valuation was boosted from \$520 million at its last equity raise in 2022. That’s become a rarity in the fintech market. The valuations for many firms have fallen relative to pandemic-era levels that now appear to have been inflated during a flurry of funding activity. During the venture industry’s 2021 peak, fintech startups captured \$140.8 billion of investment dollars, according to [CB Insights](#). In 2023, that figure dropped to \$39.2 billion.

Founded in 2020, Parafin underwrites its loans using information provided by the small businesses themselves and the platforms they sell through. Underwriting a restaurant on DoorDash, for example, Parafin could look at bank account and identity information provided by the restaurant paired with data from DoorDash which could include sales, return rates and length of time on the platform.

“Merchant platforms like DoorDash and Amazon are becoming smart operating systems for their merchants,” said Hans Tung, managing partner of Notable Capital. “By integrating third party lending, payments and other financial services directly into their ecosystems, platforms are helping merchants to lower operating costs, receive growth capital for expansion opportunities, and without becoming regulated like banks themselves.”

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