

Fintech DailyPay Is Now Considered a Unicorn

By [Luisa Beltran](#) May 18, 2021 12:37 pm ET



DailyPay provides software that lets workers, mainly hourly, control when they get paid.
Pressmaster/Dreamstime

DailyPay, a fintech that helps workers access their wages in real time, has raised \$500 million in capital.



The \$500 million includes a \$175 million Series D, led by Carrick Capital Partners; existing investors, including RPM Ventures, participated, [a statement said](#). The round valued DailyPay at over \$1 billion, giving unicorn status to the fintech, a person familiar with the matter said.

Also included in the \$500 million is \$325 million in debt funding, the statement said. In all, DailyPay has raised \$250 million in equity.

"A key reason why employers choose to work with DailyPay is because of our fortress balance sheet. This financing enables us to deliver world class, on-demand pay to more companies and to expand our platform opportunities to new markets," CEO Jason Lee told *Barron's*.

Founded in 2016, DailyPay provides software that enables employees to control when they get paid. Companies typically pay their staffs every two weeks. DailyPay's software lets workers, mainly hourly, access their money as soon as they earn it, Lee said.

The start-up currently works with over 300 companies, including DollarTree (ticker: DLTR), [Kroger \(KR\)](#), [Berkshire Hathaway](#), [HCA Healthcare \(HCA\)](#) and Six Flags Entertainment (SIX).

DailyPay charges a flat \$2.99 fee every time someone is paid using its software. The employer or the employee can pay the fee, the person said. DailyPay employs about 400 people.

"We have seen the explosion in the on-demand pay industry, and how DailyPay has been leading the category," said Jim Madden, Co-CEO of Carrick Capital Partners, in the statement. "We chose to invest in DailyPay now because we believe they are only just beginning to respond to the enormous opportunity they have to provide on-demand pay solutions to global enterprises."

DailyPay's attempt to redefine pay comes as the U.S. economy is recovering from the Covid-19 pandemic. Businesses that were forced to shut down in 2020 are now hiring, but they're having a hard time finding workers. The U.S. added only 266,000 jobs in April, far lower than expected.

More than half, or nearly 56%, of the U.S. wage and salary workers in 2020 were paid hourly, the Bureau of Labor Statistics said in February. This means 73.3 million Americans are hourly workers. Employers, however, are finding it harder to fill hourly positions, Lee said. "Employers who offer DailyPay fill their open positions 53% faster than those who don't," he said. Companies who need a month to fill an hourly position, could fill that position in two weeks if they offered DailyPay, Lee said.

DailyPay competes with some payroll companies and banks who charge overdraft fees, as well as payday lenders, Lee said. Just 5 years old, DailyPay is weighing an initial public offering. The fintech has about 400 employees.

"Like all high-growth tech companies, we are considering strategic alternatives, one of which could be an IPO," Lee said. "We are first and foremost driving value for our customers."

Steve McLaughlin of FT Partners advised DailyPay on the funding round.