SoFi (NASDAQ:**SOFI**) stock is moving higher after the personal finance company received a price target update from Keefe, Bruyette & Woods (KFW).

KFW raised its SOFI stock price target to $7.50 from $6.50 while upgrading its rating to "market perform" from "underperform." In January, the research firm lowered its price target to $6.50 from $7.50.

While KBW analyst Timothy Switzer still has concerns about earnings risk over the long term, he believes that the risk of near-term negative catalysts has been reduced due to the stock's more than 20% decline in 2024 and recent capital raise.

On March 5, SoFi announced a $750 million 1.25% senior convertible notes offering due in 2029. It estimated that it would receive $735 million of net proceeds.

"SOFI's actions to pay down debt/preferred improved the earnings outlook, while raising common equity expanded the length of time it can continue originating loans without a meaningful increase to sale activity," said Switzer.

SOFI Stock: KBW Raises Price Target to $7.50

Switzer also points out that negative sentiment surrounding SoFi has grown of late. The stock's short interest as a percentage of float tallies in at 23% compared to 13% at the beginning of 2024. This limits downside, according to the analyst. It could also fuel a short squeeze, which occurs when short sellers are forced to cover their short positions by buying the underlying stock. A short interest above 10% is viewed as high, while a short interest above 20% is viewed as very high.

Earlier this week, Needham initiated coverage of SOFI stock with a price target of $10 and a "buy" rating. Analysts led by Kyle Peterson characterized SoFi as a "long-term winner in the digital lending/neobank space" due to its banking license and focus on customers with high credit scores. The company also has better unit economics in comparison to its competitors without a banking license and who focus on lower-income borrowers.

Needham's price target is based on a sum-of-the-parts (SOTP) valuation model that provides $8 per share to its lending business and $2 per share to its technology and other fee business.

SoFi carries an average price target of $9.19 among 24 analysts with coverage of the stock.

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Eddie Pan specializes in institutional investments and insider activity. He writes for InvestorPlace's Today's Market team, which centers on the latest news involving popular stocks.