

ModernFi Raises \$18.7M Series A to Power Deposit Growth at Community and Regional Banks

Led by Canapi Ventures, round accelerates mission to bring end-to-end deposit management to financial institutions of all sizes, helping them thrive in a fast-changing banking environment

New York – January 23, 2024 – [ModernFi](#) announced today that it has closed a \$18.7 million Series A funding round to bring its tech-forward platform to community and regional banks to help them grow, retain, and manage their deposits. Led by [Canapi Ventures](#), the Series A also had participation from Andreessen Horowitz, Remarkable Ventures, and leading banks Huntington National Bank, First Horizon, and Regions. This round adds to a \$4.5M seed round led by Andreessen Horowitz, bringing the company's total raised to over \$23M to date.

Faced with higher interest rates and stress in the sector, banks have been seeking new, innovative options that can drive deposits. ModernFi helps banks thrive in an increasingly competitive banking landscape, and attract and retain clients that might otherwise go to the largest banking institutions or leave the banking sector entirely.

“Community and regional banks form the foundation of the American economy, providing an outsized amount of credit and banking services to critical industries and areas that might otherwise be overlooked,” said Paolo Bertolotti, CEO and Cofounder of ModernFi. “Faced with fundamental shifts in the behavior of deposits, institutions benefit from modern tools to manage and grow their funding. ModernFi has been privileged to help institutions of all sizes protect their deposit base, and the team looks forward to continuing its support of the sector.”

ModernFi operates a deposit network through which banks can grow, retain, and manage their deposit base by sweeping funds, sourcing deposits, and providing extended insurance to depositors through program banks. ModernFi’s solutions help banks attract and retain large-value depositors, driving growth and increasing balance sheet stability. Unlike alternatives, ModernFi streamlines onboarding and operations for banks and their clients, increasing the usability and reach of sweep and reciprocal products.

“The industry needs a next-generation solution for reciprocal deposits that is seamlessly integrated into online banking, built both API-first and cloud-native,” said Neil Underwood, Co-Founder and General Partner at Canapi. “ModernFi has built exactly that, at the exact right time and place. Canapi’s strong bank network and deep fintech experience will help accelerate significant deposit flows through the platform.”

Since its first raise, ModernFi has quickly established itself as the country’s only tech-enabled deposit network. While existing networks rely on manual processes that have limited the adoption and use of network products, ModernFi’s network is built on a modern tech stack to eliminate the friction for depositors and remove the operational burden for banks, unlocking the full potential of sweep and reciprocal products.

"Huntington is laser focused on delivering innovative products and services that meet the needs of our customers and colleagues," said Igor Cerc, Chief Enterprise Strategy Officer for Huntington National Bank and Head of Huntington Ventures. "ModernFi's deposit network delivers critical features and capabilities around deposit management for the industry. ModernFi's functionality should expand digital capabilities for the banking sector and offers a robust, modern service with the potential to further differentiate how our Wealth Management customers can manage their money."

"We are thrilled to partner with ModernFi to bring a next-generation deposit network to market," said Tyler Craft, Director of Transformation - Fintech & Emerging Technology at First Horizon Bank. "Deposit management is a key priority for the banking sector right now. ModernFi's technology to streamline onboarding and operations for depositors and banks provides an innovative additional way for our industry to serve clients."

Faced with a rapidly evolving deposit landscape, banks across the country have turned to ModernFi to help manage their funding. Elevated interest rates and the advancement of technology including digital banking and real-time money movement have fundamentally changed the speed and stability of deposits. Coupled with increased regulatory scrutiny on liquidity and funding, the need for ModernFi's software for deposit management has never been greater.

"At this critical time in the banking sector, we're thrilled to reaffirm our investment in ModernFi," said David Haber, General Partner at Andreessen Horowitz. "In the face of unprecedented deposit outflows and extraordinary banking events, ModernFi's deposit network delivers critical stability and control over deposit management. With their strategic position and track record, we're confident ModernFi will further catalyze growth and provide crucial support to American banks."

ModernFi was founded in 2022 by Paolo Bertolotti and Adam DeVita, who met as undergraduates at Columbia University. Both focused on deposit and cash management before ModernFi, with Bertolotti completing a PhD at MIT and DeVita working as a Product Manager at Citi. Passionate about community banking as the foundation of the American economy, they saw an opportunity in ModernFi to improve and modernize how financial institutions operate.

About ModernFi

ModernFi empowers banks of all sizes to better serve their communities. Through ModernFi's deposit network, banks can grow, retain, and manage their deposit base by sourcing deposits, sweeping funds, and providing additional security to depositors. Founded by a team of veteran engineers and bankers, the firm provides banks with end-to-end deposit management built on a modern tech stack and a foundation of compliance. Learn more at modernfi.com.

About Canapi Ventures

Canapi Ventures is a venture capital firm investing in early to growth-stage fintech companies. Our partners have been at the forefront of financial services innovation as operators, investors,

ModernFi

ModernFi, Inc.
January 23, 2024

bankers, advisors, and regulators. Our venture capital model connects high-quality fintech companies to our extensive network of banks and strategic partners. Canapi Ventures is advised by CenterHarbor Advisors and Canapi Advisors, LLC, a wholly owned subsidiary of Live Oak Bancshares, Inc. (Nasdaq: LOB). For more information, visit canapi.com.

Media Contacts

Inkhouse for Canapi Ventures

canapi@inkhouse.com