

How to generate value through  
Cross-border M&A within FSI  
*Strategic directions for Banking*

# Abstract

The position paper presents a comprehensive analysis of cross-border mergers and acquisitions (M&A) within the European Financial Services Industry (FSI).

Over the past decade, the European FSI has undergone significant structural transformation driven by geopolitical uncertainty, rapid technological advancement, evolving regulatory frameworks, and consolidation pressures.

Despite macroeconomic volatility, M&A activity has demonstrated resilience and growth, underpinned by strong capital positions, rising profitability, and improving market valuations.

In this context, cross-border M&A, historically smaller than domestic consolidation, has accelerated sharply, reflecting renewed confidence in European integration and the strategic imperative for geographic and business-model diversification.

The paper identifies three primary strategic rationales for inorganic growth: scaling to address market fragmentation and efficiency challenges, diversifying revenue streams to mitigate margin compression, and acquiring digital capabilities to accelerate transformation and counter fintech competition.

Analysis of ~900 cross-border transactions from 2015 to 2025 reveals dominant regional corridors, such as France-Spain, Dach-Benelux, and intra-Nordics, where geographic, cultural, and regulatory proximity facilitate integration.

Moreover, Banking emerges as a leading driver of cross-border consolidation within the EU (excluding the UK), with acquirers classified into three archetypes, Global Players, Domestic Leaders, and Emerging Players, each exhibiting distinct deal preferences and strategic intents.

While regulatory fragmentation remains a significant barrier to large-scale cross-border banking mergers, ongoing reforms, including the Savings and Investment Union (SIU), Retail Investment Strategy (RIS) and the drafted Crisis Management and Deposit Insurance framework, are gradually reducing friction and enabling more feasible pan-European integration.

The paper concludes with strategic guidelines for European banks to create value through cross-border M&A: unlocking opportunities within natural regional corridors; prioritizing scale as the primary M&A value driver and diversifying once scale benefits peak; leveraging tech-advanced markets to accelerate digital transformation; de-risking regulatory complexity through proactive deal structuring; and adopting a value-based discipline to tailor cross-border M&A.

Finally, success in cross-border M&A will depend on disciplined deal selection, regulatory engagement, and effective integration of digital and capital-light capabilities to build resilient, competitive financial institutions in a rapidly evolving European landscape.



# Contents

<b>1. M&amp;A Landscape in the European FSI</b>	<b>04</b>
i. Market outlook	04
ii. Cross-border M&A insights	08
<b>2. Regulatory constraints and enablers</b>	<b>22</b>
i. In depth analysis at sub-sector and geo level	22
ii. Future outlook and regulatory implications for cross-border M&A	23
<b>3. Strategic Guidelines to create value through cross-border M&amp;A</b>	<b>26</b>
Contacts	28
Endnotes	30

# Executive summary

Over the past decade, the European Financial Services Industry (FSI) has undergone profound structural change, shaped by geopolitical instability, rapid technological disruption, regulatory evolution, and mounting consolidation pressures.

Despite significant macroeconomic volatility, M&A activity has remained resilient, underpinned by stronger capital positions, improving profitability and efficiency, and rising market valuations.

In this context, cross-border M&A, historically a smaller proportion of total transactions, has accelerated sharply as institutions pursue geographic diversification, capability acquisition, and strategic repositioning.

From 2015 to 2025, approximately 3,000 cross-border deals were completed across Europe, with activity expanding at more than 2.5 times the pace of domestic M&A.

Insurance players emerge as very active cross-border acquirers, reflecting the fragmented nature of European insurance markets and push towards integration.

Fund management activity follows, driven by both wealth consolidation and the integration of insurance-linked investment capabilities.

Banking also represents a substantial share of activity, with institutions targeting traditional banks, digital challengers, and

fintech platforms to reinforce scale, expand geographically, and accelerate digital transformation.

Within the EU (excluding the UK), bank-led consolidation has become a key engine of cross-border deal-flow, with value creation concentrated in corridors characterised by regulatory similarity and operational adjacency.

France–Spain emerges as the most active route, while Dach–Benelux, the Nordics, Iberia, and Central Europe also form stable, high-synergy clusters that support scalable multi-market consolidation.

A further determinant of deals' success is the alignment of cross-border strategy with the acquiring institution's structural archetype, ranging from Global Banking Players to Domestic Leaders and Emerging Players.

Indeed, effective M&A requires a strategic fit with organisational scale, risk appetite, and capabilities.

Global Banking Players should pursue M&A to both scale and diversify, leveraging their capital strength and integration capabilities to execute medium and large transactions, potentially across all subsectors (e.g. banking, insurance, and asset & wealth management).

They also lead in the acquisition of digital banks, reflecting a deliberate push to enhance technological capability.

On the other hand, Domestic Leaders, typically strong in their home markets, should leverage

cross-border M&A to strengthen scale and selectively diversify.

Their focus naturally leans toward medium and small transactions that limit operational and integration risks while enabling progressive expansion across adjacent markets.

They prioritise core banking acquisitions, complemented by targeted adjacencies (e.g. insurance, digital players)

Emerging Players primarily pursue small-scale acquisitions to deepen their core banking footprint and accelerate capability building, especially in technology.

Their focus remains firmly on scale, with limited diversification or exploratory moves, avoiding strategic overextension.

However, cross-border integration remains materially more complex than domestic consolidation.

Banks must reconcile misaligned operating models, divergent cultures, and fragmented technology estates, factors that frequently delay or dilute synergy realisation.

Diversification-led moves risk strategic dilution when acquirers enter small or highly specialised markets that offer limited scale advantages.

Exploratory deals into adjacent industries add another layer of complexity due to differing business models, regulatory frameworks, and risk paradigms.

Above all, regulatory and

supervisory fragmentation across Europe, including capital rules, national ring-fencing, resolution regimes, data localisation, and competition reviews, extends approval timelines and constrains achievable synergies.

Proactively addressing these barriers is essential to unlocking the full strategic potential of cross-border transactions.

Indeed, to generate sustainable value, banks must adopt a disciplined, strategy-led approach:

## Unlock opportunities within natural regional corridors

Prioritise adjacency-based expansion across culturally and regulatorily proximate regions. Leverage established cross-border clusters to build scalable, multi-country platforms rather than isolated market entries.

## Prioritize scale as the primary M&A value driver

Scale is now a strategic imperative amid rising technology, capital, and compliance costs. Banks should target fragmented markets, focus on mid-sized acquisitions that integrate quickly, and develop repeatable integration models to accelerate synergy capture.

## Leverage tech-advanced markets to accelerate digital transformation

Digital transformation requires accelerated capability building, so acquiring digital capabilities can significantly compress transformation timelines and complement internal development.

Minority stakes, partnerships, and joint ventures provide flexible alternatives where full acquisition is less feasible.

## De-risk regulatory complexity with proactive deal structuring

Engage supervisors early, design capital-efficient transaction structures, and deploy scenario-based regulatory modelling to anticipate post-deal implications under evolving regulations.

This approach reduces approval risk and strengthens post-merger capital efficiency.

## Adopt a value-based discipline to tailor cross-border M&A

Design cross-border M&A choices around a clear understanding of the bank's identity, target market positioning, and strategic ambition.

Global Players should pursue selectively sized transactions that

reinforce core markets and strengthen resilient business lines; Domestic Leaders should focus on adjacent-market consolidation to build scale while remaining within governance and capital constraints; and Emerging Players should prioritize small, capability-led acquisitions that modernize the franchise, enhance differentiation, and meet client needs without introducing excessive operational complexity.

Overall, cross-border M&A will remain a central lever for European financial institutions seeking scale, diversification, and digital capability uplift.

Yet success hinges on disciplined target selection, sophisticated regulatory navigation, and integration excellence aligned with each institution's strategic identity.

By focusing on natural corridors, scaling with digital, embedding capability acquisition, and managing regulatory complexity proactively, banks can capture the next wave of cross-border opportunity and build more resilient, competitive institutions for the decade ahead.



# 1. M&A Landscape in the European FSI

## i. Market outlook

Global macro forces are reshaping M&A dynamics for the 2025–2030 horizon.

Shifts in tariffs, trade restrictions, and sector-specific subsidies, combined with heightened geopolitical uncertainty, are prompting financial institutions to restructure cost bases and redefine cross-border partnerships.

At the same time, the accelerated adoption of artificial intelligence (AI) as a strategic differentiator, coupled with record levels of private equity dry powder seeking deployment, is fuelling a more competitive and opportunity-rich deal environment, particularly in Financial Services, where technology-driven capabilities are becoming increasingly central to value creation.

Within this context, the European Financial Services M&A market has experienced a consistent growth over the past years (11% 4Y CAGR).

This acceleration is underpinned by two converging structural forces.

First, European banks are accumulating substantial excess capital, estimated at over \$500 billion above regulatory requirements for the next two years, providing the financial capacity to pursue acquisitions and deploy capital strategically across borders and business lines.

On the other hand, the regulatory and policy environment is becoming increasingly supportive of consolidation.

Furthermore, governments are progressively reducing legacy stakes in national banking champions, while supervisory authorities such as the ECB are signalling greater openness toward M&A as a lever to advance financial integration and structural efficiency across the European banking system.

Together, these conditions are creating fertile ground for a renewed wave of M&A transactions.

Capital strength is already evident: in 2023, leading European banks reported CET1 capital exceeding ECB minimum requirements by roughly \$200 billion, with buffers expected to remain resilient through 2027.

At the same time, European banks continue to demonstrate robust profitability, indeed, EU/EEA institutions delivered an average ROE of 10.5% in 2024, up 10 bps year-on-year, and are expected to maintain resilience through 2025.

This improvement in profitability has translated into stronger market valuations, with ~30 of the major listed European banks now trading above book value, compared with just ~10 four years ago.

The combination of solid earnings, expanding capital buffers, and rising equity valuations provides a supportive backdrop for M&A, as stronger balance sheets and higher market confidence improve banks' ability to pursue strategic transactions and use equity as an acquisition currency.

While regulatory fragmentation continues to challenge pan-European integration, a gradual shift in policy and ownership structures is creating a more favourable environment for banking M&A.

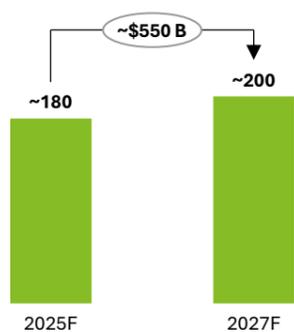
In 2025, several governments have reduced or exited legacy holdings in major institutions, including the Netherlands (cutting its stake in ABN AMRO to 30%), the UK (fully exiting NatWest), and Ireland (completing the privatisation of Allied Irish Banks), collectively divesting billions in equity.

As these state stakes unwind, acquisitive institutions are finding greater strategic freedom, facing fewer political constraints and enjoying enhanced transaction flexibility.

Between 2015 and 2025, the industry recorded nearly 3,000 completed transactions across Europe, reflecting a resilient and strategically active deal environment even amid macroeconomic uncertainty.

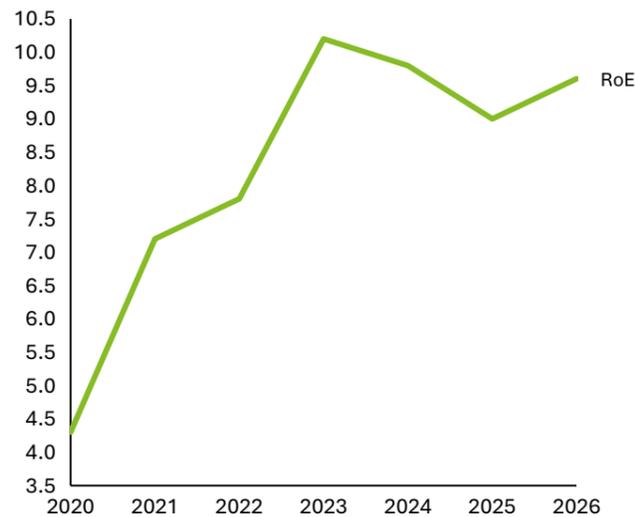
Domestic consolidation has dominated throughout the period, representing approximately 70% of all transactions, as national champions, mid-size lenders, and specialized financial institutions sought scale advantages, cost efficiencies, and enhanced balance-sheet resilience.

**Fig. 1 - Excess Capital in European Banks**  
Billion \$



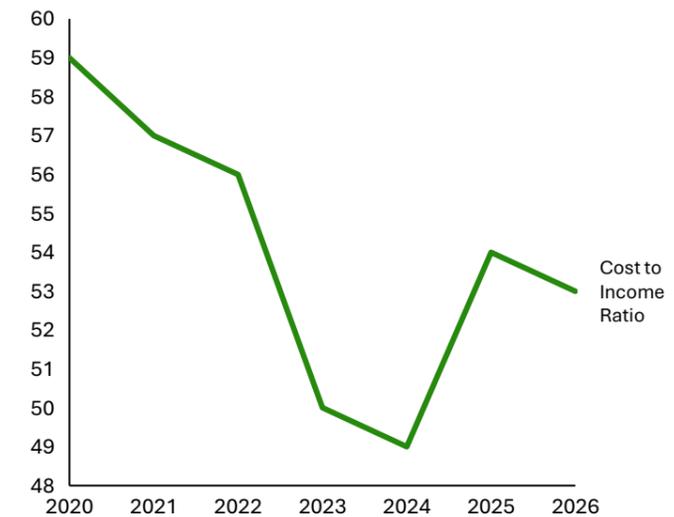
Source: European Banking M&A Surges In 2025

**Fig. 2.1 - Development of European Banks' profitability between 2020 and 2026**  
Billion \$



Source: S&P Global - European Banks Search For The Next Growth Story

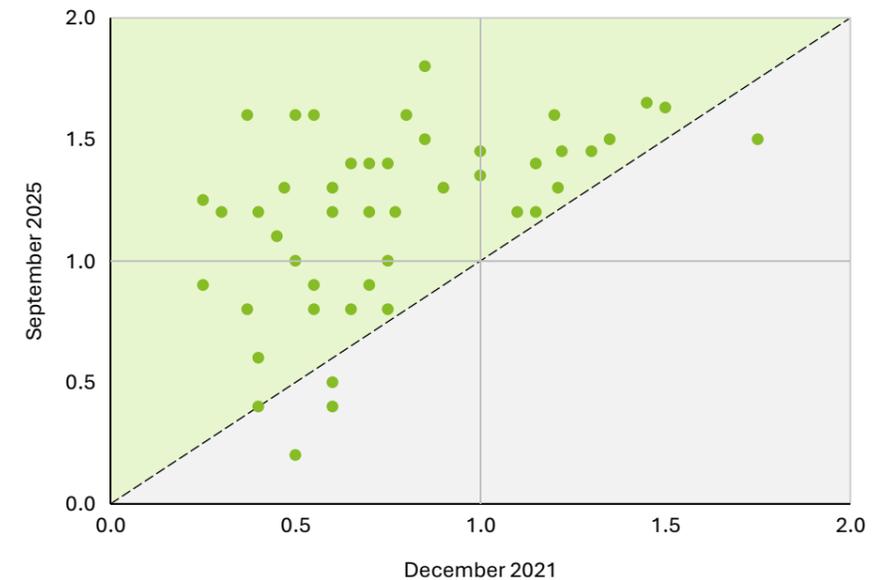
**Fig. 2.2 - Development of European Banks' efficiency between 2020 and 2026**  
Billion \$



Source: S&P Global - European Banks Search For The Next Growth Story

**Together, governments progressively reducing legacy stakes in national banking champions and supervisory authorities signalling greater openness toward M&A are creating fertile ground for a renewed wave of M&A transactions**

**Fig. 3 - Development of leading European Banks' valuation**  
Price-to-book value, December 2021 – September 2025



Source: S&P Global - European Banks Search For The Next Growth Story

### i. Market outlook

Across the decade, domestic deal volumes remained consistently high, oscillating between ~120 and ~300 transactions per year, with notable peaks in 2019, 2023, and 2024.

This sustained domestic activity highlights the persistent fragmentation of many European financial markets and the imperative for institutions to rationalize operations, expand product breadth, and absorb smaller or less efficient players in pursuit of competitive relevance.

Cross-border activity, while structurally smaller, has shown cyclical surges, reflecting renewed confidence in European integration, improved capital positions across major banking and insurance groups, and a shift toward targeted acquisitions of niche capabilities, asset portfolios, and digital platforms other than traditional full-bank takeovers.

Notably, the rise in 2023–2025 deal activity, particularly cross-border, is tied to rising interest rates reshaping business models, increased regulatory scrutiny pushing weaker institutions toward strategic partnerships, and sustained investor appetite for high-quality recurring revenue businesses in asset management and insurance.

Overall, the 2015–2025 period illustrates a sector defined by structural consolidation, focused strategic ambition, and continuous operational optimisation.

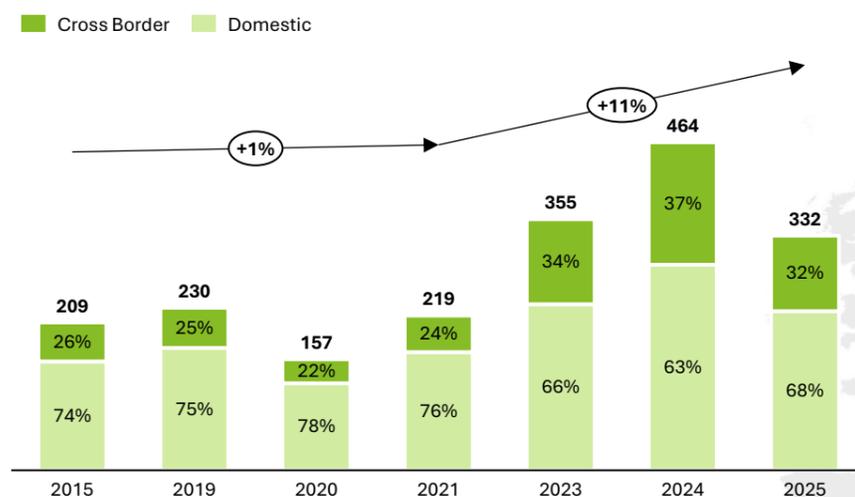
Although domestic transactions remain the backbone of industry rationalisation, cross-border M&A signals the intent of Europe’s most capable players to reposition for long-term competitiveness in a technology-driven, increasingly integrated marketplace.

## Cross-border M&A signals the intent of Europe’s most capable players to reposition for Long Term competitiveness

In particular, cross-border M&A activity reveals the emergence of a shared set of priorities that increasingly guide inorganic strategies across banking, insurance, and asset & wealth management, priorities centred on scale, diversification, and the acquisition of differentiated capabilities.

Despite Banking, Insurance, and Asset & Wealth Management operate under distinct business models, they are converging around three common strategic priorities when it comes to inorganic growth strategy.

Fig. 4 - Evolution of FSI M&A deals across Europe  
Number of deals, 2015-2025



Source: MergerMarket data

### I. Scale as a critical lever for resilience

In **Banking**, fragmentation persists despite years of integration efforts.

Building scale has become a strategic necessity in markets such as Germany, France, and Italy, where the top five institutions still control only a limited share of total sector assets.

This underlines the structural rationale for consolidation, particularly in an environment where cost efficiency, balance sheet strength, and technological investment capacity increasingly determine competitiveness.

By contrast, smaller or recently expanded banking systems, such as Greece, Cyprus, and the Baltic states, exhibit high market concentration, with a limited number of players dominating total assets.

This structural disparity continues to fuel cross-market consolidation, as banks seek to spread fixed costs, improve cost-to-income ratios, and enhance operational efficiency.

In **Asset & Wealth Management**, consolidation pressures are equally pronounced.

Heightened competition, margin erosion, and the structural pivot toward passive strategies are driving firms to pursue scale for stability.

Larger managers are simplifying technology stacks, eliminating platform redundancies, and optimizing both distribution and back-office operations to protect profitability.

The **Insurance** sector follows a similar trajectory.

In mature European markets, scale enhances capital efficiency and reduces regulatory overhead, especially in the life segment, where

smaller players struggle with fixed-cost intensity and long-term liability exposure.

### II. Portfolio diversification as a structural hedge

With interest rates expected to trend downward, **banks** face renewed pressure on net interest margins, making revenue diversification a strategic imperative.

M&A has become a key lever to broaden income streams, particularly through expansion into asset management and insurance, reducing dependence on traditional lending revenues and reinforcing fee-based profitability.

In **Asset & Wealth Management**, rising allocations from high-net-worth and institutional investors to private equity, infrastructure, and real assets are fueling acquisitions of specialized managers with distinct investment capabilities and proprietary distribution channels.

These transactions enable acquirers to capture growth in alternative asset classes and differentiate their client propositions.

Similarly, **Insurers** are pursuing diversification to mitigate concentration risk and enhance balance sheet resilience. This is particularly critical in life insurance, where exposure to rate cycles and long-dated liabilities create structural vulnerabilities.

By entering adjacent markets and expanding product breadth, insurers aim to stabilize earnings and optimize capital allocation.

### III. Capability acquisition and digital transformation as consolidation accelerators

Beyond scale, capability acquisition and digital transformation have

emerged as core strategic levers driving consolidation across Financial Services.

**Banks** are increasingly turning to targeted acquisitions and partnerships to defend against competitive disruption from fintechs and neobanks.

Typical targets include automated onboarding, real-time credit decisioning, and embedded finance infrastructure, enabling incumbents to integrate advanced digital journeys and data-driven decision frameworks.

Rather than pursuing full takeovers, many institutions are favouring flexible deal structures, such as joint ventures, co-investments, and strategic alliances, to balance innovation access with capital discipline.

In **Asset & Wealth Management**, firms are acquiring digital advisory and client experience platforms that enable robo-advisory, personalized engagement, and frictionless onboarding.

These moves strengthen digital value propositions and expand access to a tech-savvy investor base.

Meanwhile, **Insurers** are leveraging M&A to accelerate digital transformation across their value chains, from underwriting and claims management to distribution and health-related services.

This includes investing in digital health ecosystems, such as telemedicine platforms, wellness apps, and data-driven preventive care solutions, which help modernize operations, enhance customer engagement, and address rising expectations for more integrated and proactive healthcare coverage.

## ii. Cross-border M&A insights

As previously outlines, over the past decade, in the context of growing M&A activity, cross-border transactions represent a defining force in the evolution of Europe’s FSI landscape, with a cumulative ~900 transactions completed between 2015 and 2025 across Banking, Insurance, Fund Management, and Investment Banking.

While overall activity has shown cyclical fluctuations, the long-term trend reveals a steadily increasing reliance on cross-border dealmaking as European financial institutions respond to structural pressures, technological disruption, regulatory convergence, and the strategic imperative to scale beyond domestic borders.

This growth underscores the sector’s shift toward pan-European integration, driven by the limitations of national markets, the need to diversify geographic risk, and the search for new profit pools in an environment of persistent margin compression.

Notably, 2021 marked an inflection point, with volumes jumping to 52 after the pandemic-driven low of 34 in 2020, while surging even more dramatically in 2022 and 2023 as institutions accelerated postponed strategic moves and refocused on transformational growth.

From a sector perspective, **Insurance-related players consistently dominate cross-border activity**, with 305 deals over the 10-year period.

This reflects the insurance sector’s highly fragmented structure in Europe, the capital intensity of life insurance operations, and the growing pressure on mid-sized carriers to consolidate in order to remain competitive under Solvency II requirements.

Cross-border insurance M&A surged particularly in 2023–2025, where annual volumes exceeded 48 deals per year, fuelled by a mix of strategic, financial and regulatory forces.

Large players (e.g. Generali, Zurich, Admiral) pursued multi-country expansion to reinforce core markets,

acquire scale in capital-light segments, and diversify into asset management, Specialty Property & Casualty, and bancassurance distribution.

At the same time, global insurers continue to streamline their portfolios, exiting sub-scale or non-core country operations, which created opportunities for regional players and private-equity-backed platforms to acquire assets at attractive entry points.

Moreover, brokerage and Managing General Agent (MGA) consolidation also intensified (e.g. Ardonagh, Soderberg & Partners, Acrisure) led by international groups which executed multi-jurisdiction roll-ups to build pan-European distribution capabilities and capture commercial lines growth.

Together, these trends underline a structurally more dynamic cross-border landscape in European insurance, shaped by regulatory harmonisation, strategic portfolio optimisation, and the accelerating

shift towards scale, specialisation, and capital efficiency.

Furthermore, **Fund Management represents the second-largest contributor to cross-border deal flow**, with 287 transactions, and exhibits one of the strongest growth trajectories.

Cross-border acquisitions by fund management companies increasingly follow a dual strategic approach: expansion into insurance-related businesses and consolidation within fund management and wealth platforms.

A significant number of bidders (e.g. PIB Group Ltd, Howden Group Holdings Ltd, Marco Capital Holdings Ltd, and Sabseg Group SL) targeted insurance brokers, underwriters, run-off entities, and specialized insurers.

These transactions provide stable, recurring cash flows and predictable risk-adjusted returns, complementing private credit, alternative lending, and other fee-generating asset management activities.

Insurance-related acquisitions also facilitate regulatory access to local markets, allowing fund managers to streamline licensing processes while scaling distribution and cross-border operations efficiently.

The other half of cross-border deals involves acquisitions of wealth managers, private banking platforms, and fund-backed investment firms.

These transactions are driven by synergies, AuM growth, and enhanced distribution capabilities.

By acquiring complementary platforms, fund managers aim at gaining specialized investment strategies, alternative credit capabilities, ESG-focused portfolios, and regional market expertise.

This reflects the broader trend of building multi-affiliate platforms, integrating investment teams, wealth advisory networks, and digital asset solutions to diversify revenue sources and strengthen competitive positioning.

Overall, fund managers pursue cross-border acquisitions to combine stable, long-term revenue streams with growth-oriented, high-fee businesses.

The strategy is underpinned by regulatory arbitrage, access to local market knowledge, and diversification across geographies and asset classes.

These deals create a convergence between traditional asset management, alternative finance, and insurance distribution, enabling fund-backed platforms to capture scale, market share, and operational control across fragmented European and global markets.

Additionally, such acquisitions often provide tax optimization, enhanced capital efficiency, and broader exposure across asset classes and regions.

The combined effect is the creation of an ecosystem where fund managers consolidate market positions, generate stable revenues, and deliver long-term value for investors across multiple jurisdictions.



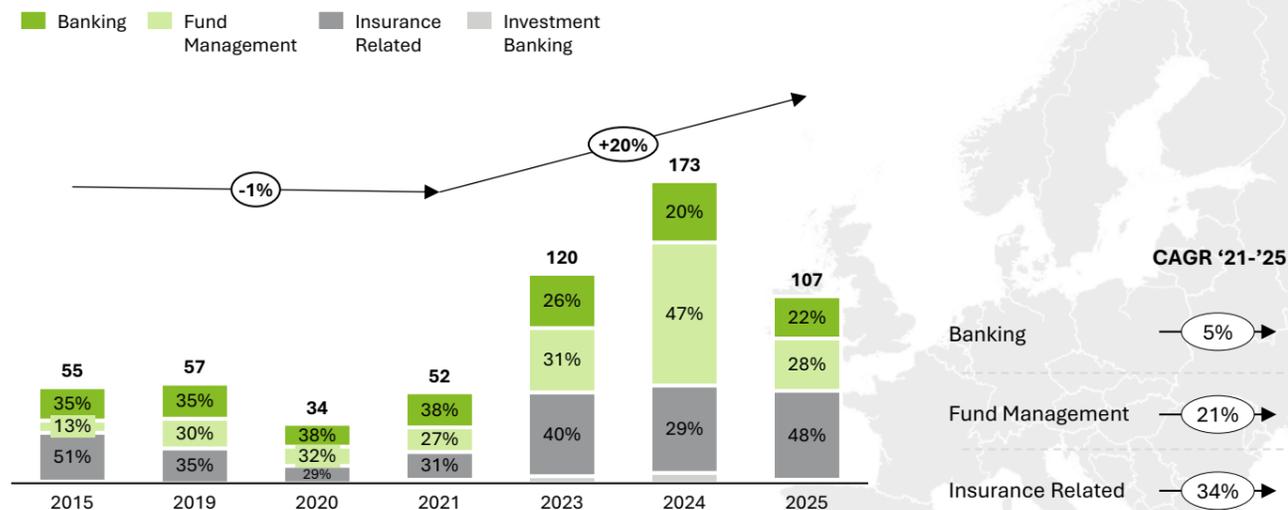
**“Commercial banks and insurance companies will keep looking to acquire more distribution capacity while stretching costs leveraging on integrations of players with similar operations”**



**“Banks continue to face margin pressure as interest rates normalise, prompting them to seek new income sources through private banking, wealth management, and non-banking services. M&A remains a key lever to accelerate transformation, expand distribution, and acquire new capabilities.”**

Fig 5 - Evolution of FSI cross-border M&A deals by Bidder’s dominant sector

Number of deals, 2015-2025



## ii. Cross-border M&A insights

Finally, the **Banking sector accounts for 268 cross-border deals.**

Recent banking-related M&A activity highlights several clear strategic trends.

Banks are increasingly targeting other banks, digital challengers, and fintech platforms rather than insurers or fund managers, driven by a combination of growth, scale, and digital transformation objectives.

Key rationales include expanding market presence geographically, particularly in cross-border or underpenetrated markets (e.g. BBVA's acquisitions in Turkey, Atom Bank in the UK, and Nordax's integration of Norwegian Finans Holding).

Another major driver is digital and technology-led growth, with incumbents acquiring challenger banks and fintechs to access digital platforms, innovative products, and underserved customer segments, including SMEs, gig-economy workers, and digital-first consumers (e.g. Orange Bank's acquisition of Anytime, Monese's acquisition of Trezeo), which allow incumbents to integrate turnkey digital banking solutions and enhance customer reach.

Banks are also pursuing portfolio diversification and fee-based revenue growth, often through acquisitions of specialized lending businesses, non-performing loan portfolios, or consumer finance units.

Consolidation is another significant driver, allowing banks to strengthen market share, improve competitiveness and cost efficiency (e.g. Raiffeisen's merger with Equa Bank, KBC's acquisition of Raiffeisenbank Bulgaria).

The preference for acquiring banks over insurers or fund managers reflects regulatory alignment, strategic fit, and synergy potential.

Banks share compatible balance-sheet structures, regulatory frameworks, and customer bases, which facilitates integration and cross-selling of products, whereas insurers and asset managers often operate under distinct regulations and business models, making integration more complex and less immediately synergistic.

Additionally, acquiring banks allows for more direct growth in core lending and deposit-taking activities, which are central to revenue generation and interest-margin management.

Overall, the trend illustrates a banking sector focused on digitalization, market expansion, scale consolidation, and portfolio optimization, leveraging acquisitions of other banks to enhance core capabilities while carefully avoiding areas with less operational or regulatory synergy.

Moreover, for a clearer interpretation of these sector-specific dynamics, it is essential to consider not only the distribution of activity across segments but also the structural peculiarities of individual markets.

Over the past decade, Insurance-related bidders have consistently represented a large share of cross-border M&A activity. In markets such as Norway, the majority of outbound

Fig. 6- M&A Cross-border deals flow

Number of deals, 2015-2025

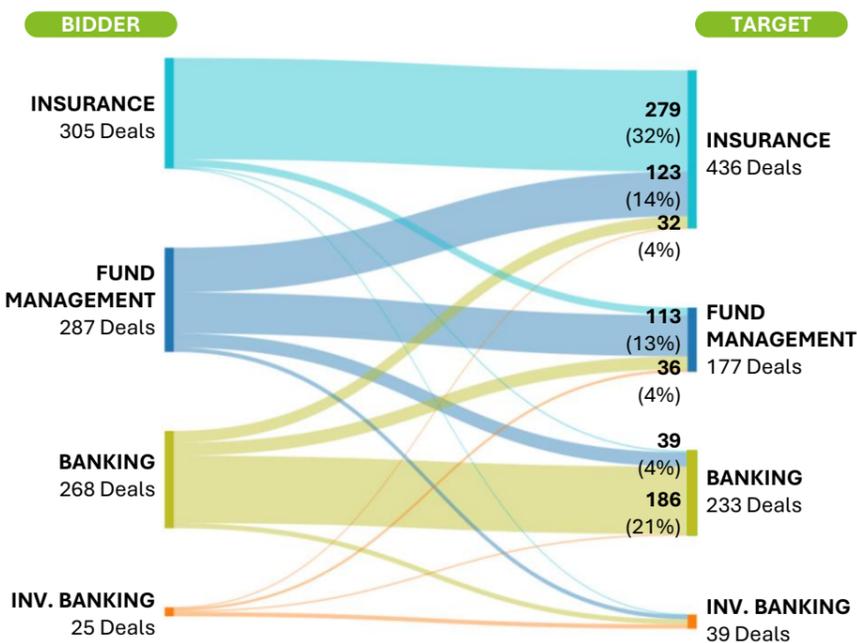
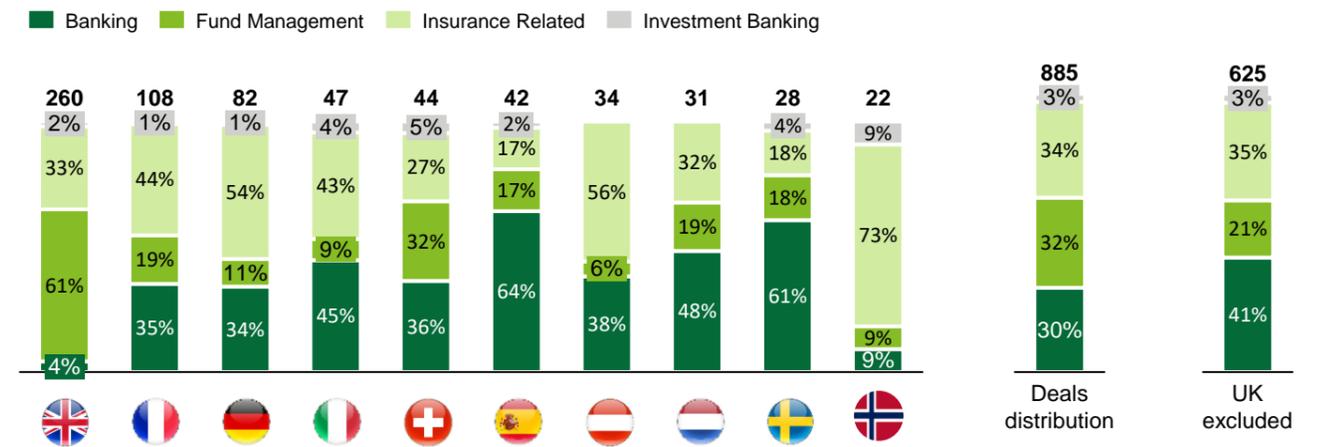


Fig. 7- Deals distribution by Bidder's sector and country (Top 10 countries)

Number of deals, 100% composition, 2015-2025



Source: MergerMarket data

deals (i.e. over 70%) were executed by major insurers and brokers (e.g., Gjensidige, Söderberg & Partners, Gard) pursuing disciplined regional expansion.

Their strategies centred on achieving scale efficiencies, strengthening distribution, acquiring niche underwriting expertise, and securing regulatory advantages across the Nordic-Baltic region and select European markets.

These moves provided operational leverage, improved market positioning, and enabled broader, more competitive offerings in a region where scale and efficiency are crucial for long-term success.

By contrast, financial hubs such as the UK played a fundamentally different role in Europe's cross-border landscape, acting primarily as a global centre for Fund Management rather than insurance consolidation.

Indeed, once the UK-based transactions are excluded, Banking emerges as a leading sector for cross-border activity, representing around 40% of deals.

This reframed perspective reveals a more accurate picture of EU consolidation dynamics, from capital optimisation and balance-sheet strengthening to digital capability acquisition and strategic market entry.

It also isolates the genuine adjacencies, barriers, and accelerators shaping cross-border integration inside the EU.

**While Insurance and Fund Management generate the largest share of cross-border deals, it is equally critical to read these trends through a country-by-country lens to understand the underlying strategic dynamics**

## ii. Cross-border M&A insights | Deals originated by Banking bidders

Cross-border M&A deals involving European banks has evolved into a strategic lever for repositioning business models, consolidating competitive footprints, and accessing new sources of profitability.

Although transformational, large-scale banking mergers remain rare, the cumulative 268 cross-border banking transactions completed across Europe over the period reveal a clear set of structural patterns and a progressively maturing logic guiding cross-market expansion.

Despite the fragmentation of the European banking landscape, a relatively concentrated number of cross-border corridors have absorbed a disproportionate share of activity.

**The most active corridor (i.e. France to Spain, with 12 transactions)** reflects the long-standing strategic complementarity between the two markets, driven by cultural proximity, similar regulatory environments, and strong historical presence of French banking groups in the Iberian Peninsula.

**Spain also emerges as one of the primary gravitational centres for cross-border banking deals** more broadly, featuring prominently across multiple top corridors (e.g. Spain-UK, Portugal-Spain, Germany-Spain).

These flows highlight Spain's position as a mature, competitive banking market with both consolidation needs and opportunities for portfolio diversification.

Other key corridors underscore the importance of geographic adjacency and historical interconnectedness.

**Italy-Switzerland and Luxembourg-Switzerland** reflect the strategic relevance of wealth management and cross-border private banking ecosystems.

**Austria-Germany and France-Italy** speak to deep trade linkages and long-established cross-market operational presences.

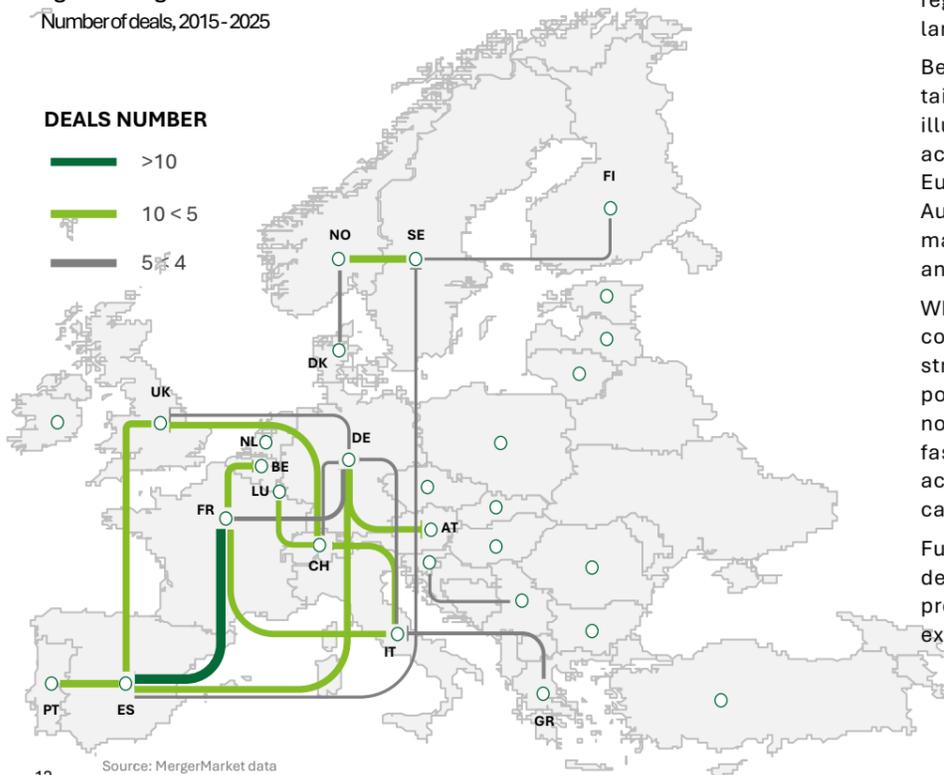
**Similarly, Nordic flows** (e.g. Norway-Sweden, Denmark-Norway, Sweden-Finland) **highlight the high degree of integration** within the region's financial services landscape.

Beyond the major corridors, a long tail of smaller bilateral flows illustrates opportunistic and niche activity, ranging from Southeast Europe (e.g. Serbia-Slovenia, Austria-Hungary,) to more peripheral markets such as Turkey, Ukraine, and Moldova.

While individually small, these corridors reflect the breadth of strategic motivations, ranging from portfolio clean-ups to disposal of non-core operations, expansion into fast-growing banking markets, or acquisition of specialised capabilities.

Furthermore, the distribution of deals by bidder and target region provides deeper insight into the expansion logic of European banks.

**Fig. 8 – Banking Cross-border M&A corridors**  
Number of deals, 2015-2025



Source: MergerMarket data

**Fig. 9 – Share of deals by country**

Share % of Banking deals by Bidder's country, 2015-2025

Legend: >-30% deals (dark green), 20-<30% deals (medium green), 10-<20% deals (light green)

BIDDER	TARGET										TOTAL
	DACH	ITALY & FRANCE	NORDICS	IBERIA	BENELUX	BALKANS	UK & IRELAND	CENTRAL EUROPE	BALTICS	OTHER <sup>1</sup>	
DACH	23%	10%			18%	10%	19%	11%			62
ITALY & FRANCE	19%	12%		17%	19%	14%	10%				59
NORDICS			63%	16%							32
IBERIA	14%	14%		29%			25%			11%	28
BENELUX	12%				19%	12%	15%	15%		12%	26
BALKANS	11%					50%		17%		22%	18
UK & IRELAND				19%			25%	19%		19%	16
CENTRAL EUROPE						62%		15%		23%	13
BALTICS					25%		25%		25%	25%	10
OTHER <sup>1</sup>	10%						20%			70%	4

Source: MergerMarket data  
Note: 1) Other countries include Georgia, Russia, Turkey, Ukraine

Specifically, three macro-patterns emerge clearly:

**I. Nordics, Balkans and Central Europe countries emerge as tightly integrated blocks**

With 50-60% of transactions occurred within the regional clusters, this reflects deeply integrated financial markets, shared supervisory frameworks, and strong operational similarities, which make cross-border expansion low-friction and scale-accretive.

**II. Dach, Iberia, UK & Ireland exhibit both internal concentration and outward diversification**

These areas represent Europe's most active banking corridors that direct capital, payments, and corporate banking flows across the continent.

Their outward reach into Benelux, France & Italy, Balkans and even "Other" European countries underscores their role as financial gateways rather than self-contained markets.

**III. Italy & France and Benelux exhibit a balanced and outward-oriented profile**

Deal flows are distributed across multiple neighbouring regions. This reflects strategic expansion models built on adjacency, geographic, cultural, regulatory, or business-model proximity, enabling banks to scale while managing integration risks.

Taken together, these patterns demonstrate a coherent strategic logic in European banking M&A.

Banks tend to prioritise markets where proximity lowers integration

hurdles and where synergies (e.g. customer acquisition, cross-selling, cost optimisation, or balance-sheet diversification) are most immediate.

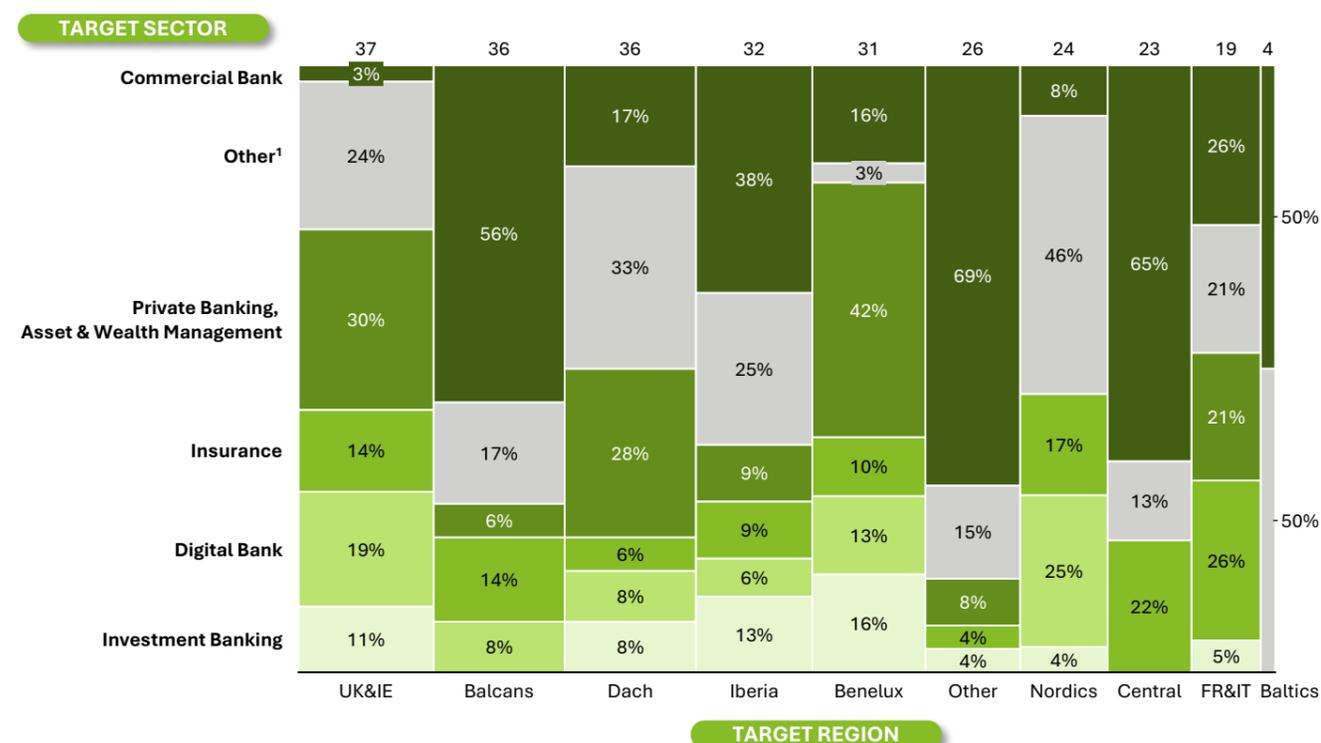
At the same time, leading groups increasingly organise their international strategies around regional clusters, not isolated opportunistic deals, consolidating influence within natural economic blocs and selectively extending into adjacent markets that offer scale, talent, or capabilities.

This evolution underscores a more deliberate form of cross-border integration, one driven by structural corridors, regional interdependence, and the pursuit of long-term competitive positioning within Europe's fragmented banking landscape.

## ii. Cross-border M&A insights | Deals originated by Banking bidders

Furthermore, when looking at target's dominant sector and country, the cross-border expansion strategies of banking bidders reveal a set of highly intentional patterns, shaped by market maturity, regulatory asymmetries, and the search for scale, diversification, and new profit pools.

**Fig. 10–Distribution of deals by target sector and country**  
Number of deals, 2015-2025



Source: MergerMarket data  
Note: 1) Other sectors include Consumer & auto finance, leasing, SME financing, factoring, receivable finance, card issuing and acquiring, corporate travel payments, specialized fintech platforms

The distribution of deals across sectors and geographies indicates that

- I. **Banks are not only pursuing generic internationalisation but rather executing surgically targeted plays aligned with the competitive dynamics of each region**

The Balkans, Central Europe, Iberia and parts of the Dach region stand out as attractive corridors for acquisitions of commercial banks.

This pattern reflects a regional scale-building strategy, where European banks, especially those from larger, more mature home markets, pursue consolidation in neighbouring territories with fragmented banking sectors, favourable growth profiles, and opportunities to enhance efficiency through digital transformation.

These markets offer clear entry points for bidders positioned as regional champions seeking to reinforce their footprint amid

competitive pressure at home.

- II. **The geographic footprint of deals in wealth management and private banking is anchored in the pursuit of stable fee-based revenues and cross-border distribution capabilities**

Acquisitions in Benelux, the UK & Ireland, and Switzerland-adjacent jurisdictions display a concentration of transactions tied to asset and wealth management platforms.

For banking bidders, these markets provide mature regulatory environments, deep capital pools, and high-value client segments, aligning with a strategic shift toward capital-light, resilience-enhancing business models.

By securing wealth platforms and specialist advisory capabilities, banks strengthen their non-interest income base and bolster competitive positioning in an environment of margin compression and tightening capital requirements.

- III. **Deals targeting insurance companies follow the construction of integrated financial services ecosystems**

With insurance targets spread across France & Italy, Balkans and Central Europe, banking bidders are selectively acquiring life, non-life, and bancassurance-ready players to expand product breadth, unlock distribution synergies, and enhance customer lifetime value.

This reflects the growing relevance of bancassurance as a strategic lever, particularly in Southern and Eastern Europe, where cross-sell potential remain structurally higher.

These acquisitions also create optionality: banks can internalise insurance manufacturing when strategically advantageous, or leverage insurer partnerships when balance-sheet constraints require a capital-light approach.

- IV. **Acquisitions of digital banks and fintech-adjacent assets illustrate another layer of strategic intent, albeit with more focused geographic patterns**

Deals cluster in the Nordics, the UK & Ireland, and Benelux, where digital adoption is highest and challenger-bank penetration is strongest.

Here, banking bidders are not simply buying growth, they are acquiring capabilities, including modern cores, advanced onboarding journeys, and data-driven customer engagement tools.

These are capability-led transactions designed to accelerate internal transformation agendas rather than expand geographic reach.

Overall, the patterns emerging across sectors and geographies reveal that European banking bidders are deploying multi-pronged strategies: scaling in emerging regions through commercial bank consolidation, reinforcing capital-light profitability through wealth and insurance acquisitions, and acquiring digital capabilities to accelerate transformation.

This is not opportunistic M&A, it is strategically choreographed portfolio rebalancing, driven by the dual imperative to sustain competitiveness and reposition business models for a structurally different financial services landscape.

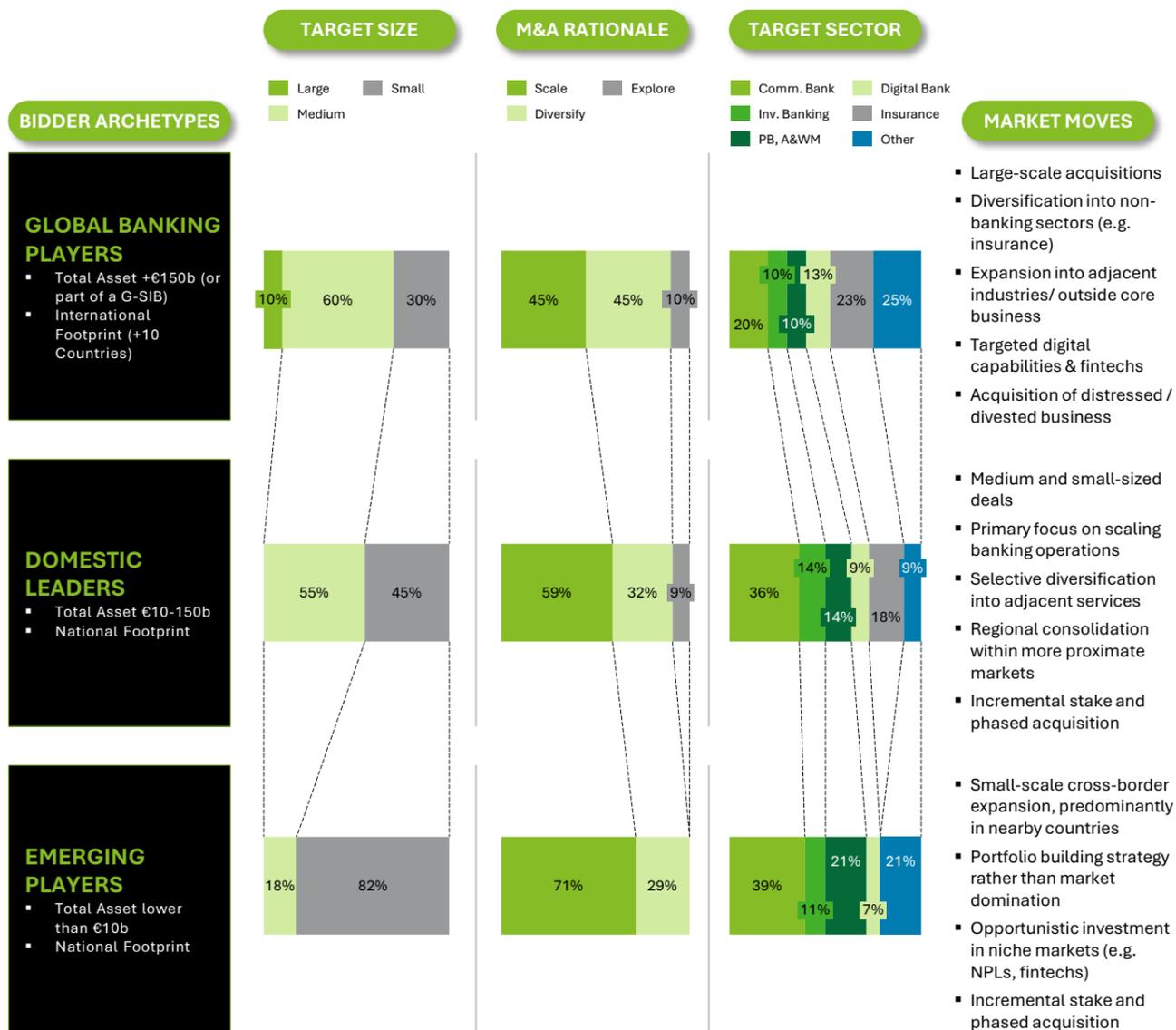
## ii. Cross-border M&A insights | Deals originated by Banking bidders

Building on the analysis of European cross-border M&A within FSI over the past decade, highlighting key corridors, sectoral breakdown and target locations, this paper aims to conclude the overview of transactions by outlining the key strategic rationales that drove financial institution to pursue cross-border M&A.

To this purpose, it is instructive to categorize bidding institutions into three strategic archetypes: Global Banking Players, Domestic Leaders and Emerging Players, for better understanding strategic intent, as each archetype exhibits different risk appetites, deal preferences, and cross-border engagement patterns.

Fig. 13—Distribution of deals

100% composition of deals, 2023-2025



16 Source: MergerMarket data

### I. Global Banking Players

They are the most active in cross-border deals (~45% of the cross-border transactions), and their activities involve both large and medium-sized targets, reflecting both the scale of their ambitions and their ability to manage complex integrations.

These banks pursue dual strategies of scaling and diversifying, alongside a smaller number of exploratory investments.

Their targets cover a wide spectrum of banking-related segments, including commercial banking, investment banking, private banking, and asset & wealth management, which together account for 40% of their deal flow, demonstrating that Global Players maintain a core focus on banking while simultaneously expanding into complementary financial sectors.

In addition, these players actively acquire insurance companies, challenger banks, and other financial service providers, signalling both the confidence and resources required to operate across highly regulated, non-core segments.

Notably, Global Players also lead in acquiring digital banking targets, reflecting a strategic emphasis on integrating technological capabilities and modernizing customer engagement, digital onboarding, and back-office operations to remain competitive in an increasingly digital financial ecosystem.

This breadth in sectoral targeting underlines their ability to execute complex, cross-border M&A across different regulatory frameworks and business lines, while leveraging synergies from diverse financial services to enhance both scale and diversification.

### II. Domestic Leaders

These players exhibit a more measured and regionally-focused approach to cross-border expansion.

They predominantly target medium and small-sized banks, reflecting both a preference for lower-integration-risk transactions and a more limited capital base relative to Global Players.

Their strategic orientation emphasizes scaling within banking-related sectors, with commercial banking, investment banking, and private banking & wealth management comprising ~65% of their targets.

While diversification into non-banking segments such as insurance or other sub-sector occurs, it is less pronounced than among Global Players, reflecting both capacity constraints and a conservative approach to cross-border integration.

Domestic Leaders also selectively pursue digital banking and fintech-related acquisitions, although these investments are exploratory and relatively small in scale, aimed at augmenting digital capabilities rather than transforming their core business.

This approach suggests a pragmatic strategy: scale first, consolidate regional strength, and cautiously explore technology-driven innovation to mitigate the operational and regulatory risks inherent in cross-border M&A.

In essence, Domestic Leaders balance growth ambitions with an emphasis on manageability and incremental capability-building.

### III. Emerging Players

These players follow a different trajectory, targeting predominantly small-sized institutions with a highly concentrated focus on banking-related segments.

They demonstrate a strong scale-oriented strategy, with 70% of deals clearly aimed at expanding core banking operations, limited diversification (30%) and no exploratory transactions.

Their acquisition targets are concentrated in commercial banking, investment banking, and private banking & asset & wealth management, collectively representing over 70% of their deal flow, highlighting their singular focus on building core capabilities and regional market share.

Unlike Global Players and Domestic Leaders, Emerging Players tend not to acquire insurance-related companies, reflecting more limited organizational capacity, expertise, and capital to manage cross-sectoral M&A complexity.

Some of their transactions, however, involve small challenger banks or niche lending platforms, typically to acquire specific customer segments, loan portfolios, or specialized digital lending capabilities.

These acquisitions are more tactical and highly localized, enabling Emerging Players to gradually strengthen their footprint, consolidate customer bases, and enhance operational efficiencies without overstretching resources.

This concentrated, scale-first approach reflects both the ambition and the constraints of Emerging Players, as they are building the foundational blocks required for future competitiveness while avoiding the additional complexities of cross-sector diversification.

## ii. Cross-border M&A insights | Target market attractiveness

Having examined the key trends, drivers, and outcomes of recent cross-border M&A transactions within the financial services industry, it becomes evident that certain strategic patterns and market dynamics significantly influence deal success.

Building on these insights, the next step is to evaluate the attractiveness of potential markets for future transactions, indeed, by assessing factors such as growth potential, regulatory environment, competitive landscape, and sector-specific opportunities, it is possible to identify regions and segments that offer the most promising avenues for strategic expansion within the financial services sector.

To that end, given the heterogeneity of the European banking landscape, it is possible to group European

countries into three distinct clusters, each one associated with a different set of competitive dynamics and, consequently, with differentiated cross-border M&A strategies.

Understanding these clusters helps clarify where consolidation may be more likely, which forms of M&A are most appropriate, and how foreign institutions may rationally approach market entry or expansion within the EU banking system.

### I. Dominant Markets – High concentration markets with large domestic players

In these systems, the top five banks commonly account for 60–95% of total assets, signalling the presence of entrenched domestic champions with sizeable customer bases, advanced infrastructures, and significant political relevance.

These conditions raise the barriers to cross-border takeovers of major institutions: such transactions are typically expensive, politically sensitive, and closely scrutinised by regulators due to potential financial-stability implications.

Consequently, the most viable cross-border M&A strategies in these markets are selective rather than transformative.

Instead of pursuing full acquisitions of top-tier incumbents, foreign banks typically focus on

- Minority stakes, which allow entry without challenging national champions
- Joint ventures or strategic partnerships, enabling cross-border cooperation in payments, asset management, consumer finance, or digital services

- Asset purchases, for example buying specific loan books to gain scale in niche segments
- Targeted acquisitions, such as wealth-management boutiques, specialised lending portfolios, or digital subsidiaries
- Capability-led expansions, especially where local banks excel in retail digitalisation or specialised segments

These strategies enable cross-border groups to gain exposure to attractive revenue pools while avoiding large-scale integrations that might face domestic resistance.

In these environments, M&A is more about access and strategic optionality than about market share capture.

For many acquirers, these countries function as platforms to introduce products, acquire technological capabilities, or diversify risk rather than as arenas for major structural consolidation.

### II. National Champions - Low concentration markets with large players

These countries typically combine the presence of strong national champions with a broad middle tier of sizable institutions, such regional banks, savings banks, cooperatives, and commercial banks.

As a result, market shares are more dispersed, and domestic banking structures remain relatively fragmented despite the existence of large groups.

These systems provide substantial room for strategic cross-border consolidation, both horizontally and vertically. M&A may take several forms

- Selective acquisition of mid-sized banks: a common entry route for foreign players seeking meaningful but politically acceptable market penetration
- Peer-to-peer mergers between similarly sized institutions across borders, creating pan-European champions that can benefit from cost synergies, cross-selling, and diversification
- Strategic acquisitions for geo expansion, for example acquiring a strong regional player to gain access to a specific industrial cluster or SME base
- Diversification-driven acquisitions, where banks seek exposure to new product lines or customer segments (e.g. asset management, consumer finance, leasing)

This cluster is the one most aligned with the ambition of creating true cross-border European champions.

The coexistence of scalable mid-tier banks and competitive pressures from non-bank players increases the rationale for large cross-border mergers aimed at enhancing cost efficiency, strengthening digital capabilities, and reducing structural overcapacity.

The strategic logic is therefore capability and scale-driven, with a more favourable political economy compared to highly concentrated markets.

### III. Opportunistic markets – High concentration markets with small players

Despite the relatively small size of domestic institutions, the top five groups often hold more than 80–90% of the market.

These systems are therefore “tight oligopolies” but on a small scale. Here, cross-border M&A tends not to target scale, but rather strategic access.

Acquirers typically pursue

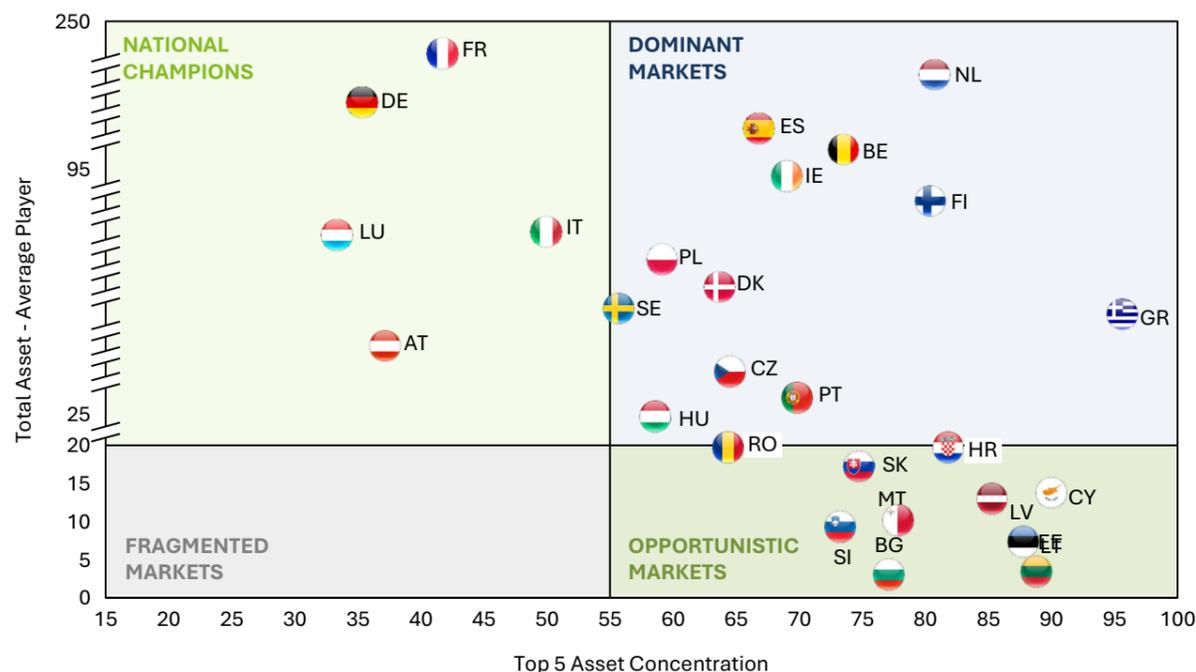
- Licence-driven acquisitions to obtain a banking authorisation within the EU
- Niche expansion strategies, entering markets where specialised products can be profitably deployed
- Capability acquisitions, for example acquiring digital-native banks or AML-compliant institutions in markets with strong regulatory reputations
- Targeted consolidation, acquiring small institutions when they provide a cost-efficient entry point

These markets often serve as gateways rather than destinations, as small domestic banks offer a relatively low-cost way to enter the EU’s regulatory perimeter or to expand into specialised market segments.

It becomes clear that each cluster presents its own strategic logic, feasibility conditions, and optimal transaction types, ranging from capability-led partnerships in highly concentrated large-bank markets, to transformational mergers in moderately concentrated large-bank systems, to licence-driven niche acquisitions in highly concentrated small-bank markets.

With a clear understanding of the structural clusters and their influence on cross-border M&A strategies, the analysis now turns to a more granular assessment: a deep dive into the top-rated markets, ranked by overall attractiveness and growth potential across key financial services subsectors.

Fig. 11 – Country distribution by players’ average size and market concentration



## ii. Cross-border M&A insights | Target market attractiveness

Fig. 12.1 – Top Ten attractive countries by Addressable Market and Potential Market in Banking

RANK	ADDRESSABLE MARKET	COUNTRY	POTENTIAL MARKET
1.	Germany	Germany	Germany
2.	France	France	France
3.	Netherlands	Netherlands	Netherlands
4.	Netherlands	Netherlands	Netherlands
5.	Italy	Italy	Italy
6.	Spain	Spain	Spain
7.	Norway	Norway	Norway
8.	Poland	Poland	Poland
9.	Denmark	Denmark	Denmark
10.	Sweden	Sweden	Sweden

Fig. 12.2 – Top Ten attractive countries by Addressable Market and Potential Market in A&WM

RANK	ADDRESSABLE MARKET	COUNTRY	POTENTIAL MARKET
1.	Germany	Germany	Germany
2.	Italy	Italy	Italy
3.	Switzerland	Switzerland	Switzerland
4.	France	France	France
5.	Netherlands	Netherlands	Netherlands
6.	Spain	Spain	Spain
7.	Denmark	Denmark	Denmark
8.	Poland	Poland	Poland
9.	Netherlands	Netherlands	Netherlands
10.	Italy	Italy	Italy

### BANKING

The most attractive markets in Banking combine strong macro fundamentals, deep financial ecosystems, high regulatory quality.

**Germany** and **France** stand out for scalable markets, and solid loan growth.

The **Netherlands**, **Luxembourg** and **Nordics** offer mature, high-asset markets with strong credit penetration and robust governance frameworks.

**Italy** and **Spain** remain sizeable and resilient, supported by recovering economic growth and expanding household and corporate credit bases.

**Poland** emerges as the most dynamic growth story, with the highest GDP expansion and fast-growing financial assets.

### ASSET & WEALTH MANAGEMENT

The leading A&WM markets are shaped by economic scale, depth of investable assets, and regulatory stability.

**Germany** stands out as the most attractive hub, combining a vast millionaire base and robust regulatory quality.

**Italy** and **France** follow, supported by significant household wealth pools and sizeable life & funds sectors.

**Switzerland** remains a global A&WM powerhouse, distinguished by exceptional per-capita financial assets and wealth concentration despite lower recent FDI inflows.

Other geos combine stable regulation with differentiated growth angles, ranging from HNW depth to fast-expanding household financial assets.

Fig. 12.3 – Top Ten attractive countries by Addressable Market and Potential Market in Insurance

RANK	ADDRESSABLE MARKET	COUNTRY	POTENTIAL MARKET
1.	Germany	Germany	Germany
2.	Netherlands	Netherlands	Netherlands
3.	Netherlands	Netherlands	Netherlands
4.	France	France	France
5.	Poland	Poland	Poland
6.	Italy	Italy	Italy
7.	Spain	Spain	Spain
8.	Netherlands	Netherlands	Netherlands
9.	Netherlands	Netherlands	Netherlands
10.	Italy	Italy	Italy

Fig. 12.4 – Top Ten attractive countries by Addressable Market and Potential Market in Digital Banking

RANK	ADDRESSABLE MARKET	COUNTRY	POTENTIAL MARKET
1.	Netherlands	Netherlands	Netherlands
2.	Netherlands	Netherlands	Netherlands
3.	Netherlands	Netherlands	Netherlands
4.	Denmark	Denmark	Denmark
5.	Netherlands	Netherlands	Netherlands
6.	Netherlands	Netherlands	Netherlands
7.	Netherlands	Netherlands	Netherlands
8.	Netherlands	Netherlands	Netherlands
9.	Netherlands	Netherlands	Netherlands
10.	Netherlands	Netherlands	Netherlands

### INSURANCE

Europe's most attractive insurance markets combine large, aging populations, solid macro fundamentals, and deep premium pools.

**Germany** leads thanks to its scale, diversified premium base, and strong regulatory quality.

The **Netherlands** and **Luxembourg** stand out for high premium-to-GDP ratios and sophisticated pension systems, offering significant addressable value despite smaller populations.

**France** and **Italy** provide sizable, mature markets with resilient life segments, while **Poland** offers high growth potential from a still-developing insurance base.

### DIGITAL BANKING

Europe's most attractive digital-banking markets combine near-universal online-banking adoption, strong digital habits, and solid deposit growth.

The **Netherlands** leads with exceptional penetration and a vibrant fintech hub.

**Iceland** and **Lithuania** pair widespread digital use with rapid deposit expansion and dynamic fintech ecosystems.

**Denmark** and **Ireland** also benefit from strong digital engagement and supportive regulatory environments, reinforced by established fintech clusters.

**Estonia** and **Czechia** offer high digital adoption rates and healthy growth potential.

## 2. Regulatory constraints and enablers

### i. In depth analysis at sub-sector and geo level

As previously mentioned, cross-border M&A activity in financial services is fundamentally shaped by the regulatory environment, which varies across subsectors.

In **Banking**, transactions are governed by the EU Single Rulebook, most notably the Capital Requirements Regulation and Directive (CRR/CRD), the Bank Recovery and Resolution Directive (BRRD), and the Deposit Guarantee Schemes Directive (DGSD), alongside the broader Banking Union architecture, which includes the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM).

- The CRR/CRD framework sets out prudential standards for capital, liquidity, and leverage, ensuring that banks maintain sufficient buffers to absorb losses and operate safely
- The BRRD establishes a common legal framework for managing bank failures, aiming to protect taxpayers by ensuring that shareholders and creditors bear the losses first
- The DGSD guarantees retail deposits up to €100,000 per depositor, preserving confidence in the banking system
- The SSM, led by the European Central Bank, centralizes the supervision of significant eurozone banks to ensure consistent oversight. Meanwhile, the SRM, coordinated by the Single Resolution Board, handles the orderly resolution of failing banks to avoid contagion and systemic risk

While these frameworks are designed to harmonise supervision and crisis management across

member states, in practice, national authorities retain significant discretion, particularly around capital ring-fencing, resolution planning, and deal approvals.

The Netherlands provides a notable counterexample of regulatory consistency. European directives are generally transposed literally into Dutch law, and large banks are directly supervised by the ECB through Joint Supervisory Teams.

The Dutch Central Bank (DNB) and Financial Markets Authority (AFM) adopt a strict and harmonised interpretation of EU frameworks, deliberately avoiding the use of national discretions.

Even in areas where national flexibility is allowed, such as under the Consumer Credit Directive, Dutch authorities tend to prioritise alignment with European standards.

This approach fosters predictability and trust, though it also results in higher compliance requirements for domestic and foreign institutions operating in the market.

Nevertheless, while the Netherlands exemplifies strong regulatory convergence, across the EU this persistent fragmentation continues to limit the feasibility of transformational cross-border banking deals, both operationally and politically.

In the **Insurance sector**, the main regulatory framework across the European Union is the Solvency II Directive.

This risk-based capital regime governs how insurers manage capital, risk, governance, and transparency.

Structured around three pillars, Solvency II sets quantitative capital requirements (Pillar 1), mandates

strong internal risk management and governance practices (Pillar 2), and imposes disclosure standards to enhance market discipline (Pillar 3).

Supervision under Solvency II is carried out at the national level by local authorities (such as IVASS in Italy or BaFin in Germany), with coordination and convergence promoted by EIOPA, the European Insurance and Occupational Pensions Authority.

In the **Asset and Wealth Management** sector, the regulatory landscape is primarily shaped by three key EU frameworks:

- MiFID II (Markets in Financial Instruments Directive II) sets conduct and organizational standards for investment firms, covering areas such as client protection, transparency, and reporting obligations
- UCITS (Undertakings for Collective Investment in Transferable Securities) provides a harmonised regime for retail investment funds, allowing them to be marketed across the EU through a single authorisation
- AIFMD (Alternative Investment Fund Managers Directive) applies to managers of non-UCITS funds, such as private equity, hedge funds, and real assets, and governs their registration, disclosure, and operational standards

Together, these directives create an EU passporting framework that facilitates the cross-border distribution and management of investment products.

Yet, supervision remains largely national, with variations in licensing, compliance, and investor protection standards.

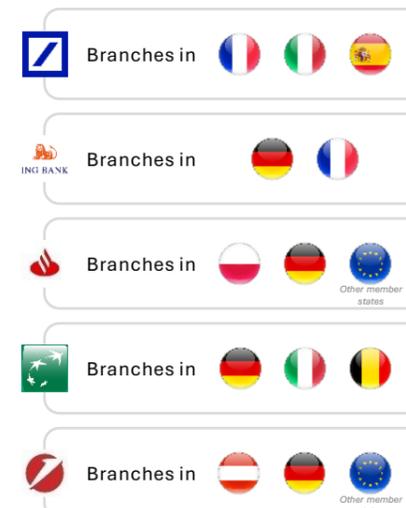
### ii. Future outlook and evolving regulation

Across financial services, regulatory reform is reshaping the conditions for cross-border M&A, particularly in Banking, where prudential tightening is altering both deal economics and market structure.

The EU's latest banking package (CRR III / CRD VI) completes the Basel III implementation, raising capital standards and limiting banks' ability to optimize risk-weighted assets through internal models. The introduction of an "output floor" (minimum capital requirement) will enhance comparability of capital ratios but increase capital intensity for acquirers, dampening appetite for transactions with limited synergy potential.

At the same time, CRD VI imposes stricter rules on third-country bank branches, requiring many non-EU institutions to shift from light-touch branch models to fully capitalized subsidiaries—raising compliance costs and operational complexity but reinforcing supervisory consistency across the EU.

#### Samples of EU Banks operating through passporting (not exhaustive)



As a result, foreign banks seeking to maintain access to the European market may increasingly view the acquisition of established EU entities as a more practical and strategic route than operating through branches, adding momentum to inbound cross-border M&A.

However, the absence of a fully fledged European Deposit Insurance Scheme (EDIS) continues to constrain large-scale consolidation, as national authorities remain hesitant to fully integrate capital and liquidity frameworks without a common backstop for deposit protection.

In this context, the proposed Crisis Management and Deposit Insurance (CMDI) reform seeks to harmonize resolution regimes and strengthen coordination between home and host supervisors, which, if implemented effectively, could bolster confidence in cross-border transactions, particularly among mid-sized banks.

In the **Insurance sector**, the core regulatory framework remains the Solvency II Directive, which sets out capital, governance, and disclosure requirements for insurers across the EU.

Ongoing reforms aim to enhance proportionality, reduce capital charges for long-term investments, and introduce the Insurance Recovery and Resolution Directive (IRRD) to harmonize crisis management and strengthen cross-border supervisory coordination.

While insurance supervision largely remains at the national level, group-wide oversight is being reinforced through EIOPA's convergence initiatives and supervisory guidance.

These developments are expected to reduce regulatory friction in cross-border transactions, particularly for mid-sized insurers, while improving the feasibility of pan-European integration strategies.

In the Netherlands, recent transactions, such as a.s.r.'s acquisition of Aegon NL and NN Group's takeover of Delta Lloyd, illustrate how domestic consolidation continues to dominate a relatively small, low-margin insurance market.

These deals reflect a strategic focus on capital efficiency and operational streamlining within a strict supervisory framework led by the AFM (Authority for the Financial Markets) and DNB (Dutch Central Bank).

At the same time, The Danish Compromise introduces a major regulatory adjustment that eases capital requirements for banks owning insurance subsidiaries.

Instead of fully deducting insurance participations from CET1 capital, banks may now risk-weight these holdings according to their actual risk profile.

This reduces the capital burden of bancassurance models, making bank-insurance integrations more attractive.

From a cross-border M&A perspective, the reform enables both EU and non-EU banking groups to pursue diversified, cross-sector acquisitions without materially weakening capital ratios, thus fostering greater consolidation and strategic flexibility across the European financial services market.

## ii. Future outlook and evolving regulation

In **Asset & Wealth Management**, several regulatory developments are reshaping the environment for cross-border activity.

The adoption of the Alternative Investment Fund Managers Directive (AIFMD II) introduces clearer rules for alternative fund managers, particularly around leverage limits, loan-originating funds, and depositary responsibilities, enhancing legal certainty and reducing friction for cross-border structuring and acquisitions.

At the same time, continued harmonization of the Undertaking of Collective Investments in Transferable Securities (UCITS) framework is aligning retail fund distribution rules with those of AIFs, strengthening the EU passporting regime, and enabling broader scalability of pan-European platforms.

In parallel, several initiatives have been taking place to increase harmonisation among EU countries

- The **Savings and Investments Union (SIU)** initiative marks the EU's next step toward financial integration, complementing the Banking and Capital Markets Unions by transforming Europe's high household savings into financing for cross-border productive activities. By promoting deeper market integration, diversifying funding sources for companies, and enhancing investment opportunities for savers, the SIU seeks to bridge the persistent gap between abundant savings and low capital market participation within the EU. From a cross-border M&A perspective, the SIU could act as a structural catalyst by fostering a more unified regulatory and supervisory environment, particularly across retail investment, asset management, and bancassurance segments
- The **Retail Investment Strategy (RIS)** - closely aligned with the Savings and Investments Union (SIU) - introduces stricter value-for-money requirements, standardized disclosure templates, and enhanced comparability tools. These measures aim to improve cost and performance transparency, enabling asset managers and distributors to more easily passport retail products across Member States. For market participants, this means shorter time-to-market, reduced compliance duplication, and stronger investor confidence in cross-border offerings. Together, the RIS and SIU mark a significant step toward a fully integrated European retail investment market.

- **FIDA** (Framework for Financial Data Access): Extends the "open finance" approach beyond payments, enabling consent-based sharing of investment and insurance data. This will improve the portability of client profiles and support scalable cross-border advisory models
- **ESAP** (European Single Access Point): A centralised platform for corporate and sustainability data, operational from 2027, that will streamline cross-border due diligence and product distribution by reducing data fragmentation and duplicative local filings
- **MiCA** (Markets in Crypto-Assets Regulation): Introduces a unified EU-wide authorization regime for crypto-asset service providers, replacing fragmented national frameworks. However, regulatory frictions remain in markets such as France and Italy, where local supervisors have been cautious in granting passporting licenses for digital-asset services

Indeed, while regulatory and ownership shifts are unlocking new opportunities for consolidation, technology, data portability and open finance are already reshaping strategic and M&A priorities across European Financial Services.

**Under the Retail Investment Strategy, technology and data analytics are becoming essential to proving 'value for money' and sustaining competitiveness**



### 3. Strategic Guidelines to create value through cross-border M&A

Cross-border M&A continues to represent a critical lever for European banks seeking scale, diversification and expansion beyond their home markets.

Yet, despite its strategic appeal, executing such transactions remain significantly more complex than domestic consolidation, and exposes bidders to a distinct set of structural changes that can materially affect deal success.

**In scale-driven transactions, banks frequently confront integration hurdles that are more pronounced across borders.**

Misaligned operating models, heterogeneous cultures, and fragmented technology estates can slow synergy realization, while synergy forecasts themselves are often overstated, particularly when transposed onto markets with different cost structures, customer behaviours, or revenue pools.

**For diversification-driven transactions, strategic dilution becomes a major risk.**

Expanding into new customer segments or business lines can stretch management bandwidth, reduce focus on the core franchise, and fail to generate meaningful synergies if the target market is small or highly specialized.

Differences in customer expectations, competitive intensity, and local regulatory norms often prove greater than anticipated, driving higher-than-budgeted integration costs and lowering expected returns.

**In exploratory deals, where banks move into new parts of the financial value chain, challenges intensify even further.**

Acquirers must reconcile fundamentally different business models, governance frameworks, and risk profiles.

Without deep sectoral knowledge and disciplined execution, banks risk underestimating operational complexity and overpaying for optionality, particularly in areas involving fintech, or non-bank financial services.

**Across all deal types, regulatory and supervisory fragmentation remains one of the most significant obstacles to cross-border consolidation.**

Divergent national rules on capital, resolution, ring-fencing, consumer protection, data localisation, and competition reviews prolong timelines, reduce attainable synergies, and limit post-merger flexibility.

Addressing these structural frictions with precision and foresight is therefore essential, as only by proactively managing regulatory, operational, and market-driven complexities can acquirers preserve the strategic logic of the transaction and unlock the full value potential of cross-border integration.

Moreover, as demonstrated by the decade-long evolution of cross-border activity, banks are moving from opportunistic international expansion to a more structured, multi-pronged strategic approach grounded in adjacency, diversification, and capability acquisition.

To create sustainable value, banking players need to adopt strategic guidelines that align with the distinct patterns and constraints shaping the European financial ecosystem.

#### I. Unlock opportunities within natural regional corridors

European banking flows show that value is most reliably generated when expansion aligns with geographic, cultural, and regulatory proximity.

Dominant corridors, such as France–Spain, Dach–Benelux, and intra-Nordics, account for a considerable share of successful deal activity, reflecting lower integration friction and clearer synergy pathways.

Banks should therefore:

- Prioritize adjacency-based expansion where business models, customer expectations, and supervisory frameworks are already partially harmonized
- Avoid “one-off” remote entries lacking operational, regulatory, or commercial synergies unless pursuing a unique, non-replicable capability or asset acquisition
- Leverage existing regional clusters (e.g., Nordics, Iberia, Central Europe) to pursue scalable, multi-country platforms rather than isolated acquisitions

This alignment should reduce integration risks, accelerate time-to-value, and reinforce the consolidation logic already shaping the European banking system.

#### II. Prioritize scale as the primary M&A value driver, and diversify once scale benefits peak

Scale remains the dominant strategic rationale across bidder archetypes, as banks seek to expand size, customer reach, and operating leverage to absorb rising technology, compliance, and capital costs.

In the first phase, banks should focus on transactions that maximize scale benefits by

- Targeting markets where sector fragmentation enables meaningful cost synergies (e.g. Central Europe, the Balkans, parts of Southern Europe)
- Prioritizing mid-sized bank acquisitions, which are more feasible under EU capital rules and enable faster operational integration
- Building a repeatable integration model, including standardized onboarding, credit decisioning, and risk governance processes, to accelerate synergy capture across multiple deals

Once efficient scale has been achieved and marginal efficiency gains diminish, strategic focus should shift toward diversification into non-core or higher-growth businesses.

At this stage, M&A can be used to broaden revenue pools, rebalance the mix between interest and fee income, and reduce earnings volatility, reinforcing resilience across economic cycles.

#### III. Leverage tech-advanced markets to accelerate digital transformation

The paper shows example of success deals leveraging M&A to accelerate digital transformation, especially in markets where fintech penetration is high and digital adoption is advanced (e.g. Nordics, Benelux, UK).

To capture this value, banks should:

- Prioritize acquisitions of digital banks and fintech platforms to embed finance capabilities that can modernize customer journeys and reduce operational costs

- Seek targets with modular technology architectures, enabling rapid integration into existing cores
- Use strategic alliances, co-investments, or minority stakes when full acquisitions are capital-intensive but capability access remains essential

Capability-led M&A has emerged as a powerful catalyst for accelerating transformation agendas, offering banks a faster, reliable, and strategically validated alternative to building capabilities organically.

#### IV. De-risk regulatory complexity with proactive deal structuring

Regulatory fragmentation remains one of the biggest barriers to transformational cross-border deals.

Although emerging reforms are reducing friction, other regulations (e.g. national ring-fencing, absence of EDIS) continue to limit large-scale consolidation

Banks should therefore adopt a regulatory-forward M&A strategy by:

- Engaging supervisors early to align on prudential expectations and post-merger capital requirements
- Designing transactions that optimize capital intensity, leveraging structures such as asset deals, phased integrations, or “platform acquisitions”
- Using scenario-based regulatory modelling to anticipate shifts under CRR III/CRD VI and their impact on deal feasibility

This approach should reduce approval risk and improves capital efficiency post-acquisition.

#### V. Adopt a value-based discipline to tailor cross-border M&A

The study identifies three bidder archetypes (i.e. Global Players, Domestic Leaders, and Emerging Players) each defined by a distinct institutional identity, market positioning, and capacity to absorb complexity.

Effective cross-border M&A strategies must therefore be designed from a clear understanding of the bank’s strategic role and long-term ambition, ensuring that the chosen path (e.g. scaling, diversifying, or exploring) is consistent with its operational capabilities, efficiency objectives, and client proposition.

Within this framework, for instance:

- Global Players should pursue selectively sized acquisitions that reinforce core markets and strengthen resilient business lines
- Domestic Leaders should focus on adjacent-market consolidation to build scale while preserving capital discipline and managerial focus
- Emerging Players should prioritize small, capability-led transactions that support modernization and differentiation without overextending the organization

Misalignment between a bank’s identity, strategic path, and execution capacity materially increases integration risk and undermines sustainable value creation.

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# Methodology note

This position paper is based on an integrated methodological approach combining quantitative, qualitative, and regulatory analysis to provide a comprehensive view of the cross-border mergers and acquisitions (M&A) market in the European financial sector, with a particular focus on banking.

The methodology combines quantitative data analysis, qualitative insights, and regulatory assessment to provide a comprehensive and nuanced understanding of the cross-border M&A landscape.

## **Data sources and sample analysed**

The quantitative analysis relies on a proprietary database comprising approximately 2,915 M&A transactions completed between 2015 and 2025, of which 885 are cross-border deals, which were sourced from specialised market databases (i.e. MergerMarket) and complemented by publicly available data, sector reports, and corporate financial disclosures.

Transactions were classified by sector (e.g. Commercial Banking, Insurance, Asset & Wealth Management, Investment Banking), size (e.g. Large, Medium, Small depending on Total Asset), geographic area, and acquirer type (e.g. Global Banking Player, Domestic Leader and Emerging Player) enabling the identification of trends, geographic corridors, and business archetypes.

Furthermore, the analysis to evaluate the attractiveness of European banking markets was developed by adopting a multi-pillar scoring framework across four dimensions: Macroeconomic Attractiveness, Sector-specific Market Foundations, Financial Market Depth and Maturity, and Governance and Regulatory Quality.

Each country was assessed using a set of normalized quantitative indicators covering economic scale and growth, sector structure, financial asset depth, balance-sheet sustainability, and regulatory quality.

Indicators were aggregated to produce Addressable Market scores (current size and depth) and Market Potential scores (future growth and structural upside).

These dimensions are combined into a composite score and ranking, enabling consistent cross-country comparison and supporting value-led market prioritization for strategic and M&A decisions.

## **Qualitative analysis and interviews**

To enrich the quantitative data, interviews were conducted with industry experts, market leaders, and M&A specialists, alongside a critical review of regulatory documents, policy papers, and sector studies.

This provided deeper insights into strategic motivations, operational challenges, and regulatory dynamics influencing cross-border transactions.

## **Projections and future scenarios**

The paper incorporates forecasts based on macroeconomic trends, technological developments (e.g. AI, open finance, data portability), and ongoing regulatory initiatives (e.g. Savings and Investments Union, Retail Investment Strategy).

These scenarios outline potential future market developments and strategic implications for European financial institutions engaging in cross-border M&A

## **Limitations**

While the analysis draws on a broad and up-to-date dataset, limitations exist due to incomplete disclosure of deal values and the evolving nature of regulatory and market conditions.

Some smaller or private transactions may be underrepresented. Projections and strategic recommendations should be interpreted as indicative guidance subject to ongoing market and policy developments.

This integrated methodology ensures a robust and multidimensional analysis, offering strategic insights valuable to financial institutions, investors, and policymakers seeking to understand and capitalise on cross-border M&A opportunities within the European context.



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