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2026 banking and  
capital markets  
M&A outlook

**Throttle up**

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# Introduction

After several cautious years, banking mergers and acquisitions showed clear signs of reawakening in the second half of 2025. Deal conversations became more frequent, transactions gradually returned to the market, and regulatory uncertainty began to ease. Approval processes grew more predictable and faster, giving boards greater confidence to revisit combinations that had been deferred. Even so, activity remained selective, shaped by valuation expectations and the practical realities of execution.

As the banking and capital markets industry looks ahead to 2026, the M&A tone seems to be shifting. Firms appear to have more room to maneuver and a broader set of strategic options. The focus now turns to how institutions use that dealmaking flexibility—and which ones are best positioned to act.

# 2025 in review

Banking M&A deal count increased meaningfully in 2025, particularly in the second half of the year, while aggregate deal value was modestly higher, even as average deal value declined from the prior year's peak. In investment management, deal count increased year over year, but aggregate and average deal values moderated. As for fintech, deal count rose modestly while aggregate and average deal value increased sharply (figure 1).<sup>1</sup>

**Figure 1. US banking and capital markets sector M&A activity, 2024–2025**

	Number of transactions			Aggregate deal value (\$M)			Average deal value (\$M)		
	FY2024	FY2025	YoY change	FY2024	FY2025	YoY change	FY2024	FY2025	YoY change
<b>Banking</b>	127	181	42.5%	51,832	49,409	(4.7%)	909	650	(28.5%)
<b>Investment management</b>	376	435	15.7%	44,564	25,108	(43.7%)	1,114	837	(24.9%)
<b>Fintech</b>	103	114	10.7%	14,148	46,088	225.8%	456	1,920	320.8%

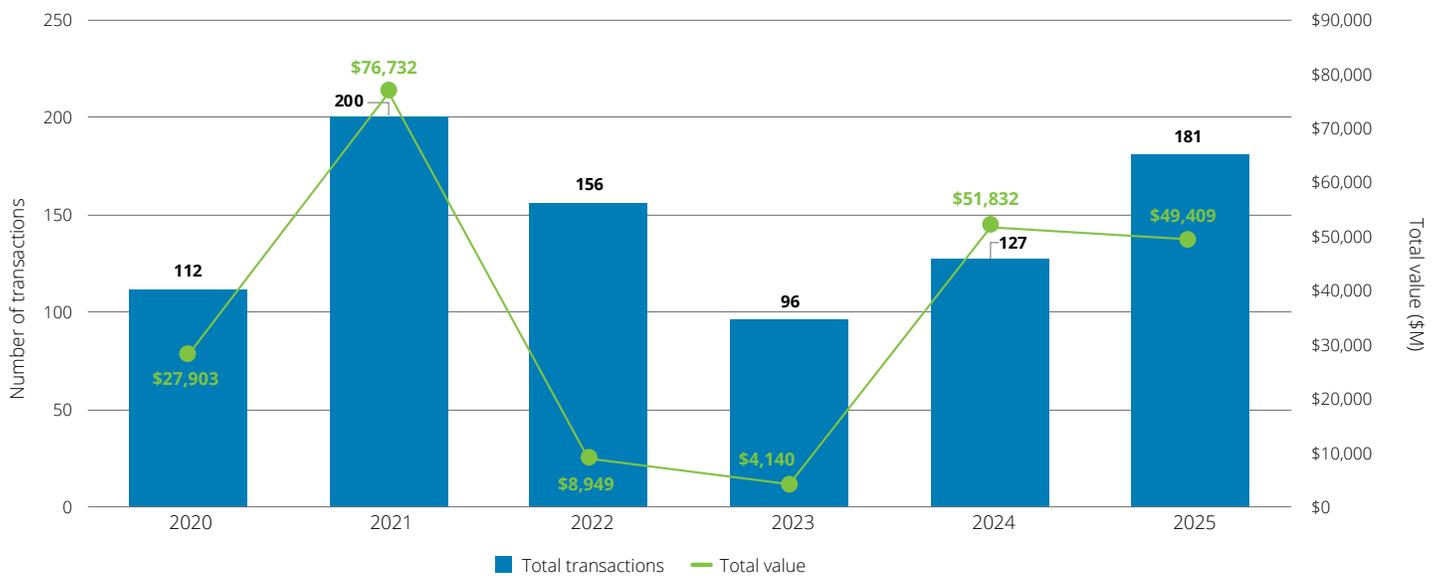
Note: Investment management is inclusive of securities transactions.

Source: SNL

The following chart and table point to a rebound-and-normalization pattern in banking M&A, with 2025 characterized by higher activity than the prior two years but a moderation in deal size. Transaction volume came in at 181 deals, up from 127 in 2024 and well above

the post-rate-shock low of 96 deals in 2023. Average deal value was \$650 million, down from the \$909 million peak in 2024 but materially higher than 2022–2023 levels (figure 2).<sup>2</sup>

**Figure 2. Banking M&A metrics**



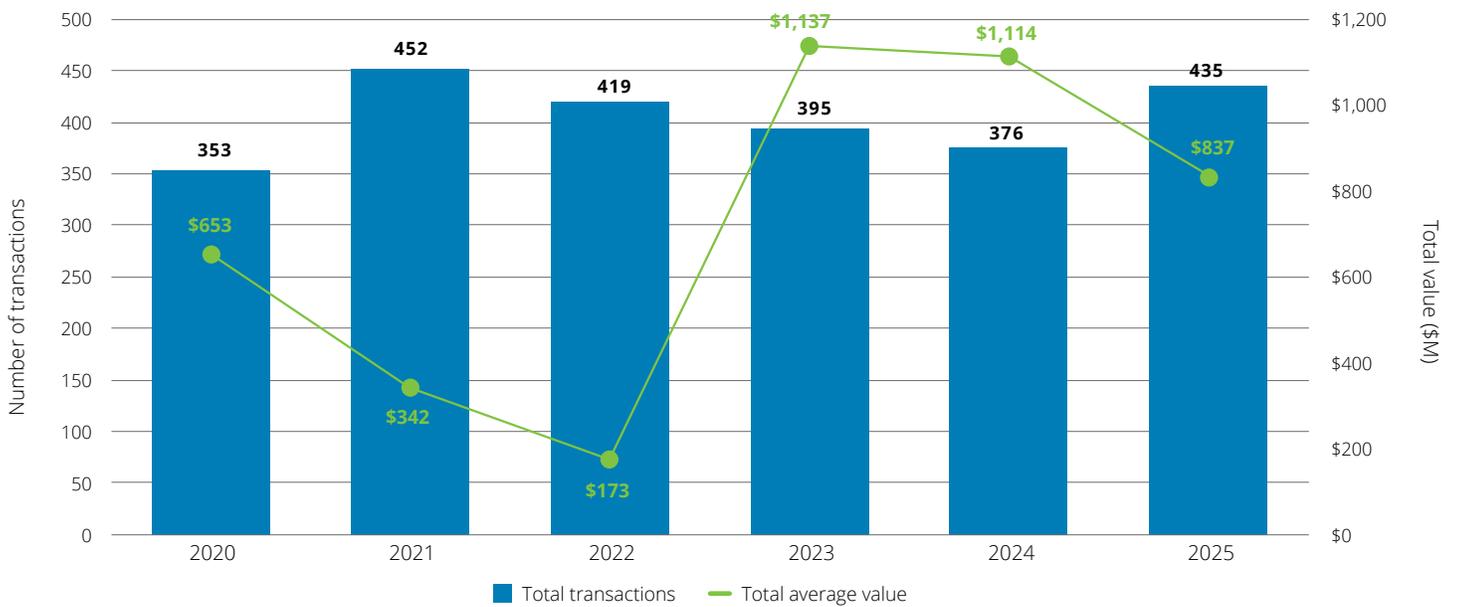
Top 5 bank deals					
Target	Buyer	Announcement date	Value (\$M)	Price/TBV	Region
Comerica Incorporated	Fifth Third Bancorp	October 6, 2025	\$10,854	170%	Southwest
Synovus Financial Corp.	Pinnacle Financial Partners, Inc.	July 24, 2025	\$7,899	173%	Southeast
Cadence Bank	Huntington Bancshares Incorporated	October 27, 2025	\$7,595	NA	Southeast
FirstBank Holding Company	The PNC Financial Services Group, Inc.	September 8, 2025	\$4,079	236%	Southwest
Pacific Premier Bancorp, Inc.	Columbia Banking System, Inc.	April 23, 2025	\$2,085	102%	West

Note: Among reported deals, 53%, 47%, 58%, 70% and 58% did not disclose deal values for FY20, FY21, FY22, FY23 and FY24 respectively. Source: SNL Financial and S&P Global Market Intelligence

Investment management and securities M&A data reflects a resilient but evolving consolidation environment, with renewed deal volume alongside a normalization in average deal size. Transaction volume was 435 deals, rebounding from 376 in 2024 and approaching levels

last seen in 2021. Average disclosed deal value was \$837 million, down from \$1.1 billion in 2023 and 2024, but significantly above pre-pandemic and rate-shock trough levels (figure 3).<sup>3</sup>

**Figure 3. Investment management and securities M&A metrics**



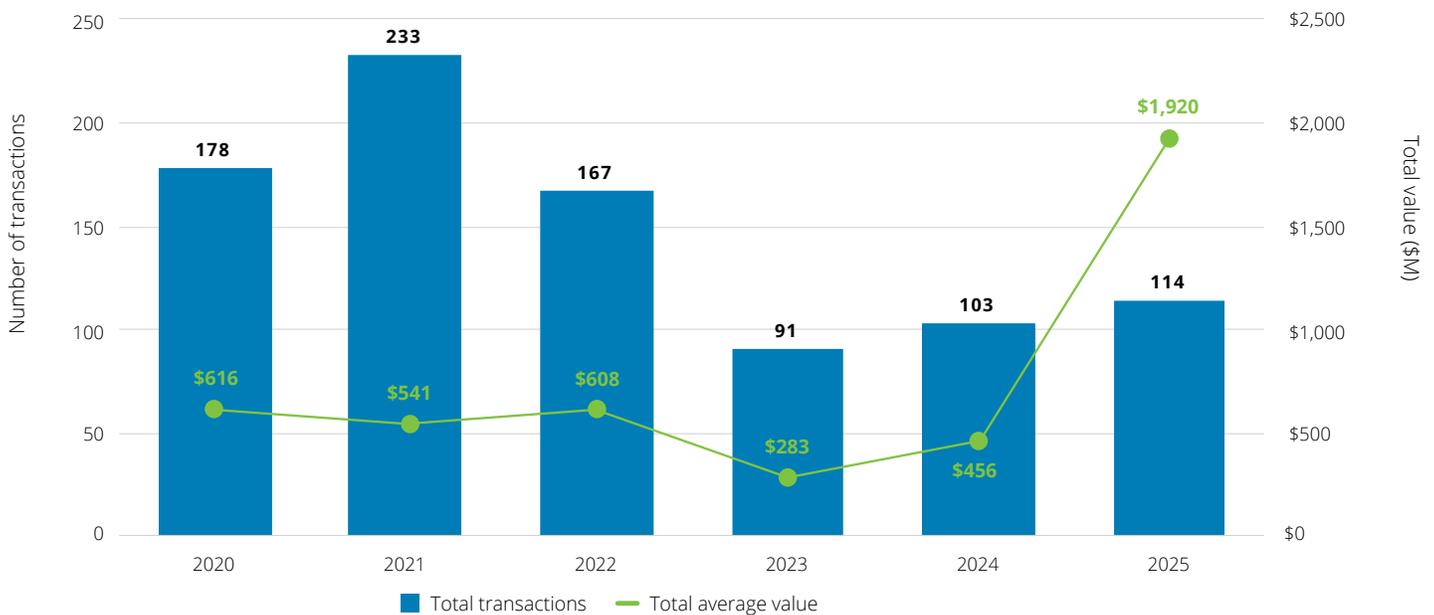
Top 5 US investment management/securities deals						
Target	Buyer	Seller Country	Target Country	Announcement date	Value (\$M)	AUM
Two Harbors Investment Corp.	UWM Holdings Corporation	USA	USA	December 17, 2025	\$9,549	NA
Wealthspire Advisors/Fiducient Advisors/Newport Pvt Wealth/Ground Ctrl Business/	Madison Dearborn Partners, LLC	Ireland	USA	September 3, 2025	\$2,700	NA
Fundamental Income Properties, LLC	Starwood Property Trust, Inc.	USA	USA	July 16, 2025	\$2,200	NA
Innovator Capital Management, LLC	Goldman Sachs Asset Management, L.P.	USA	USA	December 1, 2025	\$2,000	\$17,940
Pathway Capital Management, LP	Clearlake Capital Group, L.P.	USA	USA	November 12, 2025	\$1,000	NA

Note: Among reported deals, 68%, 63%, 76%, 78% and 82% did not disclose deal values for FY20, FY21, FY22, FY23 and FY24 respectively. Source: SNL Financial and S&P Global Market Intelligence

Fintech saw a sharp pivot toward significantly larger transactions, following several years of volatility in both volume and valuation. Transaction volume increased modestly to 113 deals, compared to 103 in 2024, but well below the elevated levels seen in 2020–2022.

Average disclosed deal value surged to \$1.4 billion in 2025, the highest level in the period shown and more than three times the 2024 average. This sharp increase was driven by a small number of large, high-impact transactions (figure 4).<sup>4</sup>

**Figure 4. Fintech M&A metrics**



Top 5 US fintech deals						
Target	Buyer	Seller country	Target country	Announcement date	Value (\$M)	General industry
Worldpay, LLC	Global Payments Inc.	USA	USA	April 17, 2025	\$17,000	Payment processors
Total System Services LLC	Fidelity National Information Services, Inc.	USA	USA	April 17, 2025	\$13,500	Payment processors
Dun & Bradstreet Holdings, Inc.	Clearlake Capital Group, L.P.	USA	USA	March 24, 2025	\$7,390	Financial media and data solutions
Melio Payments Inc.	Xero Limited	USA	USA	June 24, 2025	\$2,506	Payment service providers and gateways
AvidXchange Holdings, Inc.	Investor Group	USA	USA	May 6, 2025	\$1,886	Payment service providers and gateways

Note: Among reported deals, 66%, 66%, 70%, 67% and 68% did not disclose deal values for FY20, FY21, FY22, FY23 and FY24 respectively.  
Source: SNL Financial and S&P Global Market Intelligence

# Expectations for 2026

## 1. Changes to the regulatory environment may drive a sustained rebound in banking M&A

Banking M&A enters 2026 with clearer tailwinds from Washington. New leadership at the Federal Reserve, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency has reshaped supervision around material financial risk, while raising the bar for formal findings and enforcement actions.<sup>5</sup> At the same time, changes to the merger review process have shortened approval timelines and reduced uncertainty.<sup>6</sup> Together, these shifts could remove one of the biggest challenges that has affected deal activity for much of the past cycle.

Transactions that surfaced in 2025 reflect this change in tone. Fifth Third Bancorp's acquisition of Comerica is an example of a large bank transaction returning to the market. The \$10.9 billion all-stock transaction, announced in October, would create one of the nation's largest banks by assets.<sup>7</sup>

The regulatory environment in 2025 also encouraged acquirers to be less selective about participating in individual transactions, with greater confidence that additional opportunities would remain available under the current regime. Going forward, banks may increasingly pursue smaller targets or multiple acquisitions rather than wait for a perfect fit, a dynamic that should help augment overall deal activity.

Importantly, the return of deal activity doesn't appear to be driven by falling valuations. In many cases, pricing remains firm, particularly for franchises with pseudo-stable deposit bases and exposure to attractive growth geographies.

Finally, as more banks maintain (or regain) "well managed" status under evolving supervisory frameworks,<sup>8</sup> the universe of credible acquirers may widen. That confidence could lower execution risk and allow long-discussed combinations to move off the sidelines. The result may look less like a one-year bounce and more like the start of a more durable upswing in deal activity.

## 2. Super-regional consolidation may accelerate as banks pursue scale and strategic positioning

Against this backdrop, super-regional banks appear well positioned to lead the next phase of consolidation. Greater regulatory clarity and expected changes to regulatory tailoring categories and related requirements<sup>9</sup> may reduce the friction that once came with growth.

At the same time, the accelerating pace of technological change across digital banking, payments, data, and compliance has increased the strategic value of scale. With fewer reasons to manage balance sheets tightly around static thresholds, banks could become more willing to use M&A to build scale, spread technology investment across a larger asset base, and support long-term investment.

Much of this activity may be driven by smaller deals. Rather than relying only on marquee combinations, many banks may pursue smaller, repeatable transactions—often in the \$50 million to \$500 million range—to expand footprints, add deposits, and strengthen local density. These lower-market deals can be easier to execute and integrate, while still helping acquirers build momentum through multiple acquisitions.

Deal logic also appears to be evolving. In an \$8.6 billion all-stock transaction announced in July 2025, Pinnacle Financial Partners and Synovus agreed to combine, creating a larger franchise focused on high-growth Southeast markets.<sup>10</sup> This deal indicates that transactions may increasingly be framed around competitive positioning and national relevance, rather than near-term cost savings alone. As a result, mergers of equals and strategic roll-ups among regional players are likely to remain a defining feature of the 2026 landscape.

## 3. Capital clarity and balance-sheet strength may support M&A as a core growth strategy

Improved visibility into capital and liquidity expectations could continue to reshape how boards think about acquisitions.<sup>11</sup> Stronger balance sheets and steadier earnings profiles may give management teams greater confidence in their ability to absorb deals without constraining capital flexibility or shareholder returns. Careful planning for capital—including modeling of deferred tax assets and liabilities, generation and use of tax credits, and elective provisions under the One Big Beautiful Bill Act—is seemingly playing a pivotal role in Day 1 outcomes.

As boards revisit M&A, the strategic lens also appears to be shifting. For some institutions, acquisitions may be a defensive move. For others, the opportunity is more offensive. Either way, M&A may increasingly be viewed as a proactive growth strategy rather than a response to pressure, with well-capitalized banks deploying acquisitions to deepen capabilities, broaden earnings streams, and strengthen their strategic footing.

#### 4. Payments, digital assets, and artificial intelligence could drive targeted deal activity

Payments modernization is likely to remain central to many deal conversations. Global Payments' \$24 billion acquisition of Worldpay reflects a strategic push to scale modern, software-enabled payments infrastructure and strengthen its competitive position in an increasingly technology-driven global payments market.<sup>12</sup>

More broadly, regulatory openness toward stablecoins, digital custody, and modern payment rails—including recent [legislative momentum from the GENIUS Act](#)—may give banks more room to act, whether through targeted acquisitions, partnerships, or minority investments. These moves could help strengthen transaction banking and money movement capabilities while positioning institutions for evolving customer expectations.

Fintech dealmaking itself may continue to evolve. The focus is shifting away from growth-at-all-costs models and toward platforms tied to durable infrastructure—particularly in digital assets, data, cybersecurity, and fraud prevention. Artificial intelligence is also likely to influence deal strategy in more practical ways. The emphasis is expected to remain on accelerating innovation while retaining control over core platforms.

#### 5. Expanded chartering and licensing pathways may reshape competition—and reinforce consolidation

Changes to chartering and licensing may also reshape the competitive landscape.<sup>13</sup> Greater support for de novo banks and specialty charters—such as national trust banks that provide Federal Reserve master account access and benefit from national bank preemption—could create new entry points for fintech and nonbank firms. For traditional nonbank finance companies, industrial loan company (ILC) charters may offer a path to master account access with deposit insurance and the potential for lower-cost funding.

Rather than slowing consolidation, these developments may reinforce it. As competition for deposits and payments intensifies, incumbent banks could lean more heavily on M&A to defend customer relationships, broaden distribution, and integrate new capabilities. In this environment, consolidation and innovation are likely to move forward in parallel.

# Wild cards to watch in 2026

## **1. Chartering and de novo activity may reshape the competitive logic of consolidation**

In most years, chartering plays a minor role in M&A discussions. In 2026, it may sit much closer to the center. Regulators' renewed focus on licensing and de novo formation<sup>14</sup> could introduce a viable alternative to acquisition-led expansion. If timelines compress and capital requirements prove workable, some firms may choose to enter new markets through charters rather than deals. That shift could reduce demand for traditional (primarily small) banks by companies in payments, specialty lending, and digital-first banking.

## **2. Faster approvals could widen the gap between winners and losers**

Shorter regulatory timelines may move risk away from approval and toward execution. With less time between signing and closing, integration planning and management depth could matter more—and sooner. Well-prepared acquirers may move quickly into follow-on deals, while weaker integrations could stall momentum or invite scrutiny. The wild card is not whether deals happen, but how quickly outcomes diverge within the same year.

## **3. Elimination of the CECL “double-count”**

In November 2025, the Financial Accounting Standards Board approved ASU 2025-08, addressing a key technical flaw in how banks accounted for acquired assets under the Current Expected Credit Losses (CECL) methodology. Previously, credit losses on acquired assets were effectively double counted, once through the fair value discount at acquisition and again through post-acquisition CECL reserves. This created a Day 1 capital impact that often constrained dealmaking.<sup>15</sup>

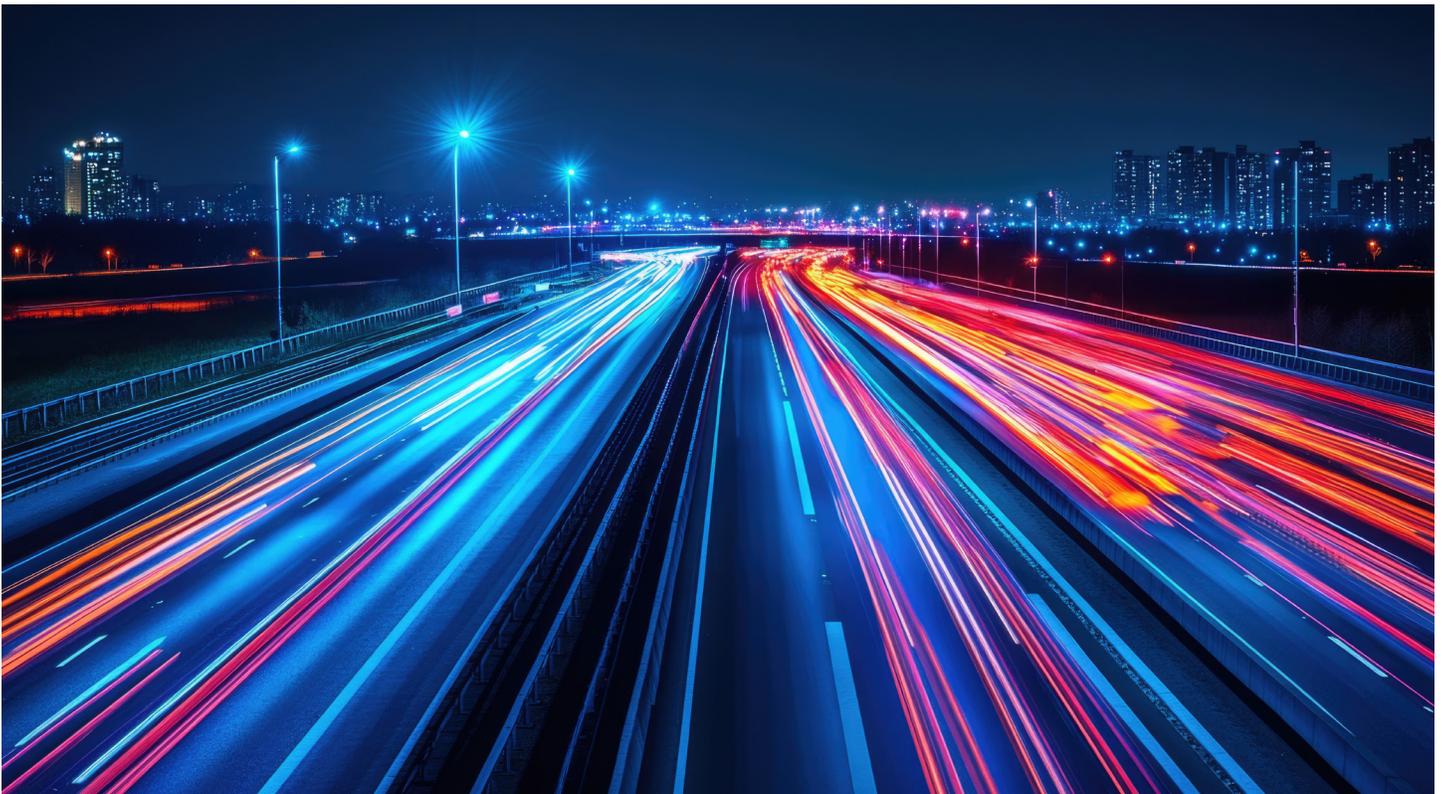
The revision eliminates this redundancy, streamlining financial reporting and reducing distortion in post-merger capital ratios and earnings. However, because banks will no longer be able to recognize the acquired loan credit mark as income over time, prospective earnings from acquired portfolios may be lower than under the prior accounting. That could affect accretion/dilution and, in some cases, offset the benefit of improved capital treatment. As a result, ASU 2025-08 may shift the M&A conversation in 2026 from balance-sheet constraints toward earnings trade-offs—and change which deals pencil out.

# Positioning for the next move

The M&A environment for banking and capital markets appears to be back in play. Regulatory clarity, stronger balance sheets, and a more open competitive environment have created conditions for renewed activity.

As banks look ahead in 2026, preparation may matter as much as conviction. Institutions can begin by sharpening strategic priorities and clarifying how M&A fits into long-term growth plans. That includes understanding balance-sheet capacity, identifying potential

partners or targets early, and stress-testing deal economics under different scenarios. Just as important is readiness beyond the numbers—having integration plans (including one for data and technology), governance structures, and leadership alignment in place before opportunities arise. Banks that do this work now may be best positioned to move decisively as opportunities emerge.



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