



M&A trends in financial services

Q4 2025 M&A trends report

The return of scale: Financial services
deal-making climbs in Q4'25

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Larger transactions, selective deals, higher execution standards

Financial services M&A closed 2025 with a clear year-end pattern: Deal value rose sharply even as transaction volume eased slightly, signaling a market that is perhaps reopening selectively rather than broadly. Strategic buyers accounted for most of the value as acquirers prioritized scale, platforms, and capabilities over incremental add-ons, reinforcing a shift toward fewer, larger, and more executable transactions.

For the full year, total deal value climbed 48.4 percent to \$512.6 billion, while deal volume slipped 4.2 percent to 4,805 transactions, underscoring the widening gap between value creation and deal count across banking, capital markets, and insurance.

The fourth quarter sharpened this year-end view. Q4'25 deal value rose to \$171.7 billion, up 68.7 percent quarter over quarter (QoQ), while deal volume declined by a modest 3.2 percent (to 1,240 transactions). Across subsectors, buyers concentrated capital in transactions with a clear scale or capability rationale rather than pursuing volume for its own sake.

Q4 2025 highlights

1,240
deals

↓ **-3.2%**
decrease in number
of deals QoQ

\$171.7
deal value
(in \$US billions)

↑ **68.7%**
increase in
deal value QoQ

2025 highlights

4,805
deals

↓ **-4.2%**
decrease in number
of deals YoY

\$512.6
deal value
(in \$US billions)

↑ **48.4%**
increase in
deal value YoY

“Financial services M&A isn’t coming back in volume—it’s coming back in conviction. Buyers are placing perhaps the same number of bets, but they’re larger, more strategic, and held to a much higher execution bar.”

—Nadia Orawski
Principal, Advisory, Transaction Strategy, KPMG LLP

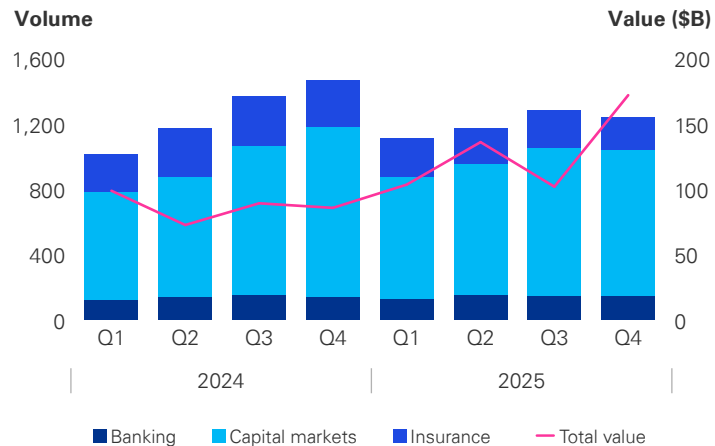


Discipline drives deal flow

For full year 2025, financial services M&A activity reflected disciplined dealmaking rather than a broad rebound in transaction volume. Deal value increased materially over the year as strategic buyers concentrated capital in larger, scale and capability driven transactions, while overall deal counts remained restrained.

The fourth quarter reinforced this year-end pattern. Total deal value rose to \$171.7 billion in Q4'25, up 68.7 percent from Q3, while deal volume edged down to 1,240 transactions from 1,281. Strategic transactions accounted for 83.1 percent of deal volume and 86.3 percent of total value, with QoQ value growth driven by a small number of larger transactions rather than an increase in deal activity.

Financial services deal volume and value



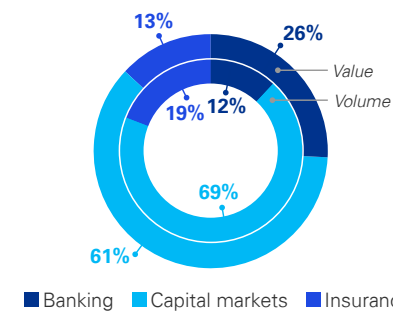
Financial services strategic/PE deal volume and value



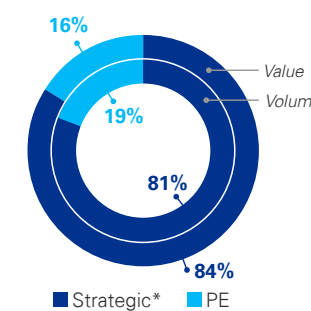
*Also contains SPAC deals data

Financial services - Q4'25

Sector mix

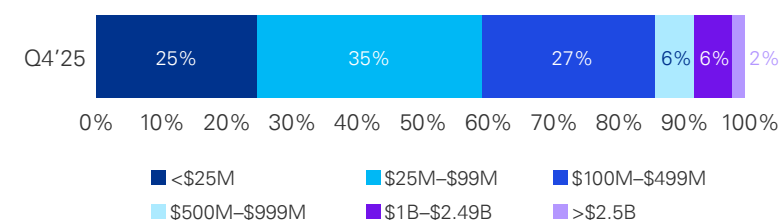


PE/strategic mix



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

Financial services total deal size mix - 2025



Note: Deals with disclosed values only. Values may not add to 100% due to rounding.

Sector data

Banking: "Scale economics" reassert themselves

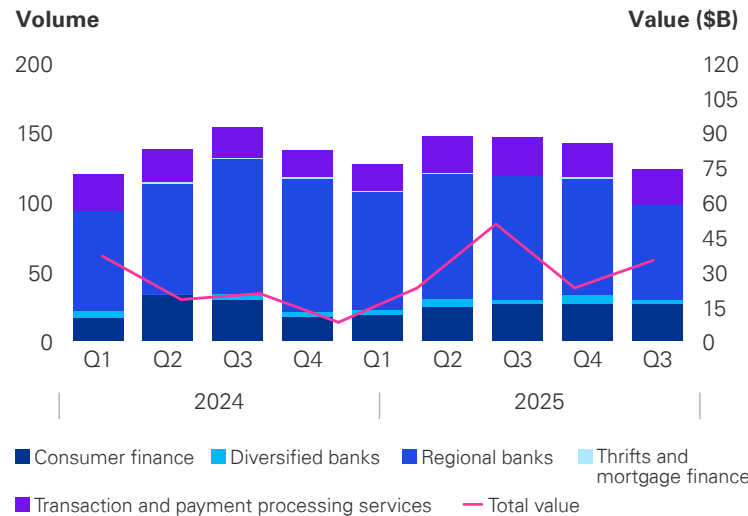
For full year 2025, banking M&A activity reflected a continued shift toward scale-driven consolidation rather than higher deal volume. Total deal value rose to \$130.2 billion, up 58.3 percent year over year (YoY), while deal activity remained concentrated in larger regional and super regional combinations.

The fourth quarter reinforced this year-end dynamic. Banking deal value increased to \$34.6 billion in Q4'25, up 52.4 percent from Q3, while deal volume eased to 142 transactions.

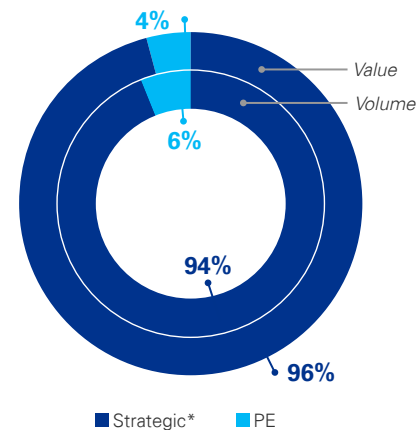
Late-year activity centered on larger regional combinations where scale lowers technology, cyber, and regulatory costs and strengthens funding profiles.¹

Notable Q4 announcements included Fifth Third's acquisition of Comerica (\$10.9 billion) and Huntington's acquisition of Cadence (\$7.4 billion), two transactions that exemplify the renewed focus on regional scale as approval timelines shortened and execution certainty improved.

Banking deals by subsector



Banking strategic/PE mix



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.



¹ Jennifer W. Cheng and Will Atherton, "U.S. Bank M&A Outlook for 2026 and Beyond," Lexology (Reed Smith LLP), December 4, 2025.

Capital markets: Value concentration without volume reacceleration

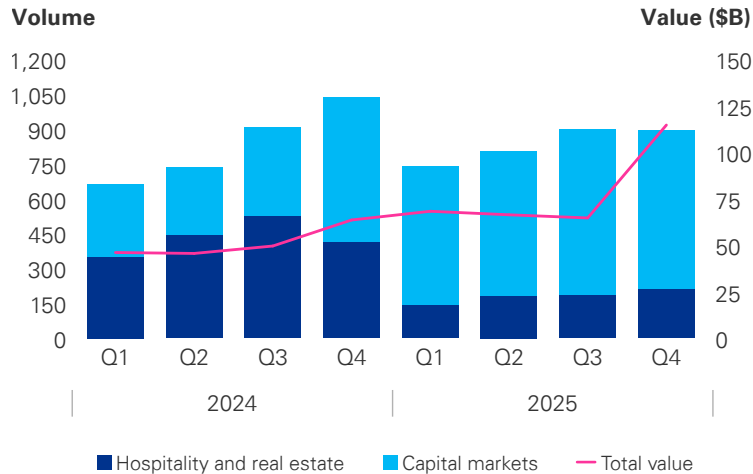
For full year 2025, capital markets M&A activity remained stable in volume while deal value increased sharply, reflecting continued consolidation around scale, distribution, and capabilities. Total deal volume reached 3,343 transactions, essentially flat year over year, while deal value rose to \$314.1 billion, up 53.3 percent from 2024.

The fourth quarter reinforced this year-end pattern. Q4'25 deal volume held steady at 896 transactions, compared with 901 in Q3, while deal value climbed to \$114.7 billion, a 77.1 percent

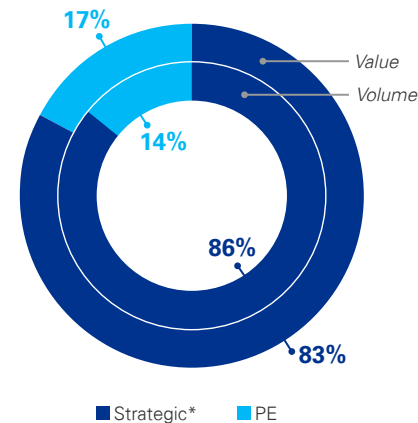
QoQ increase. Value growth was driven by a concentration of larger strategic transactions rather than a recovery in overall deal activity.

Late-year transactions reflected this shift, including the take private acquisition of Janus Henderson by an investor group led by Trian Fund Management and General Catalyst (\$7.4 billion), as buyers prioritized distribution reach, technology modernization, and capability expansion over pure assets under management scale.²

Capital markets deals by subsector



Capital markets strategic/PE mix- Q4'25



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.



² Ateev Bhandari, "Trian, General Catalyst to buy Janus Henderson in \$7.4 billion deal," Reuters, December 22, 2025.

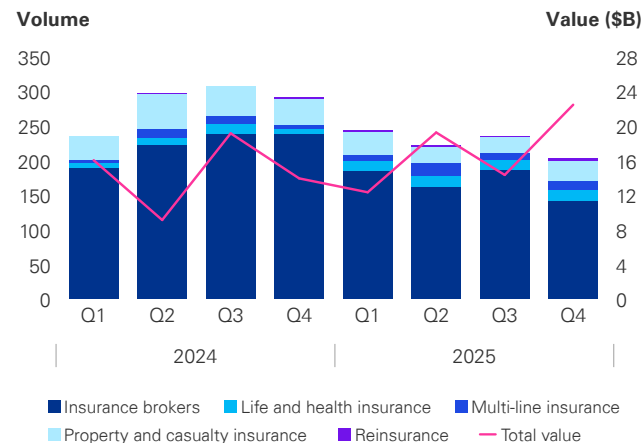
Insurance: Fewer deals, bigger intentions

For full year 2025, insurance M&A activity shifted decisively toward fewer, higher-value transactions. Deal volume declined to 900 transactions, down 20.2 percent YoY, while total deal value increased to \$68.2 billion, up 17.2 percent, reflecting a concentration of capital in larger, more strategic combinations rather than broad based activity.

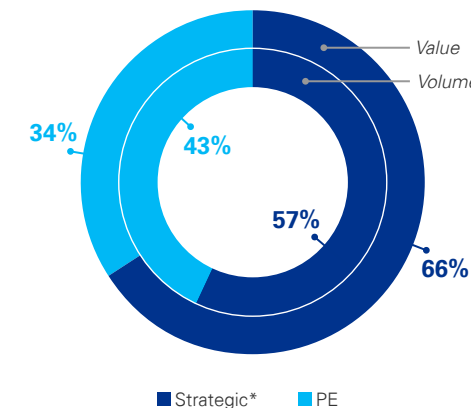
The fourth quarter reinforced this year-end pattern. Q4'25 deal volume fell to 202 transactions, down 13.7 percent from Q3, while deal value rose to \$22.4 billion, a 56.7 percent QoQ increase. Value growth was driven by a small number of larger platform and capability focused transactions rather than a recovery in deal counts.

Late-year transactions illustrated this dynamic, including Aquarian's agreement to acquire Brighthouse Financial (\$4.1 billion) and WTW's announced acquisition of Newfront (up to \$1.3 billion), reflecting continued emphasis on scale, platform expansion, and technology enabled distribution.^{3,4}

Insurance deals by subsector



Insurance strategic/PE mix - Q3'25



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.



³ "Form 8-K," Brighthouse Financial, December 2025.

⁴ "WTW to buy brokerage firm Newfront in up to \$1.3 billion deal," Business Insurance (Reuters), December 10, 2025.



Top deals

Acquirer:
Global Payments Inc.
Target:
Worldpay, LLC

Value (billions)
\$24.3

Acquirer:
Rocket Companies Inc.
Target:
Mr. Cooper Group Inc.

Value (billions)
\$14.2

Acquirer:
Fidelity National Information Services, Inc.
Target:
Issuer Solutions business of Global Payments Inc.

Value (billions)
\$13.5

Acquirer:
Fifth Third Financial Corporation
Target:
Comerica Incorporated

Value (billions)
\$10.9

Acquirer:
Brown & Brown, Inc.
Target:
RSC Topco, Inc.

Value (billions)
\$9.8

Deal data has been sourced from Capital IQ and Pitchbook, and then further refined and analyzed by KPMG LLP. The cited values and volumes cover inbound, domestic, and outbound US deals announced during the timeframe, including both majority and minority stakes. Deal values are based on publicly available data and are not exhaustive. Previously published statistics may be revised to incorporate new data or changes.

A window opens; execution decides winners

Faster regulatory approvals are changing what it means to be ready for M&A in 2026. With approval timelines in some sectors compressing to roughly between 56 and 140 days, acquirers particularly in banking have less time between signing and close to finalize integration plans, define synergies, and prepare operational changes for day one. Buyers that enter transactions with clear diligence findings and defined integration plans are better positioned to move quickly once approvals are secured.⁵

For financial services M&A, this environment favors well-capitalized buyers able to act early in the year. A relatively supportive policy backdrop is expected to continue into 2026, though risks remain, including renewed inflation pressure from energy markets and continued tariff volatility that could affect costs and sentiment.⁵

Deal activity continues to favor transactions with a clear rationale: scale to lower unit costs or strengthen deposits, platforms to expand distribution, and targeted capability acquisitions in areas such as data, AI, cyber, and specialty underwriting. A favorable approval environment may not persist indefinitely, raising the importance of acting while regulatory conditions remain more favorable.

Digital asset activity also enters 2026 with greater regulatory clarity. Recent legislation and guidance have reduced uncertainty around stablecoins, custody, and tokenization, prompting some institutions to move from pilots to production and contributing to increased M&A interest in digital asset infrastructure and related services.

Across sectors, execution discipline remains the key differentiator. Acquirers that define integration leadership, sequencing, and risk controls early are more likely to capture value, while delays in planning can increase disruption, execution costs, and value leakage.

⁵ "U.S. Banks' Outlook Neutral for 2026 Amid Emerging Risks," Fitch Ratings, November 21, 2025.

⁶ Sun Yu, "US Asset Managers Break M&A Spending Record," Portfolio BI (Financial Times), January 5, 2026.

⁷ Gia Snape, "The new M&A reality: Insurance choosing scale over value in 2026," Insurance Business America, November 20, 2025.



Banking: Value lies in faster integration and cost discipline

Expect continued consolidation. Buyers that realize outsized returns will be those that plan early, deliver a faster integration and conversion, while managing costs into 2026.¹



Capital markets: Distribution plus alternatives wins

Consolidation is likely to concentrate around wealth platforms and infrastructure capabilities that preserve margins, with an emphasis on product breadth and access to private markets.⁶ This reflects a broader thesis that distribution plus alternatives is the winning model in 2026, with buyers using M&A to accelerate technology refresh, diversify fee streams, and upgrade analytics and data infrastructure.



Insurance: Platform deals, not patchwork

Deal count may remain restrained, but impact should rise as buyers underwrite distribution advantage and operational edge; non-traditional entrants could keep competition elevated for quality assets.⁷ For brokers, a softening rate environment and stubborn funding costs mean that only buyers pursuing larger transactions with embedded platforms, distribution, or operating capabilities are positioned to lead the next consolidation wave.

Key considerations as we look ahead

01

Integration execution, not deal signing, defines the win:

With more large deals clearing regulatory hurdles, value comes from speed-to-synergy, tech integration sequencing and risk controls. Stand up integration leadership early for platform or regulatory complexity.^{8,9}

03

Use the policy window:

While approvals remain workable into 2026, compress signing-to-close, pre-clear your regulatory story, and avoid self-inflicted delays.¹⁰

02

Scrutinize AI and cyber risk:

Extend diligence into data lineage, model risk governance, cyber posture, and operational resilience.⁸

04

Price the downside, not just the upside:

Macro volatility is a modeling input. Stress test revenues, funding costs, and loss assumptions, and ensure the synergy case survives a tougher-than-base scenario.



⁸ Steve Randall, "AWM dealmaking momentum builds heading into 2026 as rate cuts fuel consolidation," InvestmentNews, December 16, 2025.

⁹ Gilad Shai, "Q4 2025 Insurance and InsurTech M&A Report," InsurTech.ME, December 27, 2025.

¹⁰ Jennifer W. Cheng and Will Atherton, "U.S. Bank M&A Outlook for 2026 and Beyond," Lexology (Reed Smith LLP), December 4, 2025.



How KPMG can help

KPMG LLP helps its clients overcome deal obstacles by taking a truly integrated approach to delivering value, leveraging its depth in the financial services industry, providing data-supported and tools-led insights, and delivering full M&A capabilities across the deal lifecycle.

With a financial services specialization, our teams bring both transaction and operational experience, delivering rapid results and value creation.

Our team

Experience wins the deal.

Each member of our deal team brings extensive industry experience and functional depth, working together to help you win the right deals, divest successfully and create long-term value.



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