



M&A trends in financial services

Q1 2026

Readiness to execute is a key differentiator in Q1'26 deal-making

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Selectivity rises, prepared firms pull ahead

The first quarter of 2026 (Q1'26) opened with an apparent contradiction: Deal teams showed greater confidence but executed fewer transactions. Financial services mergers and acquisitions (M&A) in Q1'26 suggest that the market has largely found its direction, even as participants adjust to a more measured pace. In US banking, early-quarter results showed how a small number of large deals can drive total announced value even when the number of deals remains modest.¹ Total value fell from the unusually strong fourth quarter of 2025 (Q4'25), when a few transformational deals boosted the figures, and activity normalized after the year-end surge. This looks less like a pullback and more like a pause to absorb and integrate recent moves.

This quarter's story is less about speed and more about being selective in a clearer rulebook. In US banking, regulatory approval timelines continue to shorten, which can heighten execution risk.² Legal and advisory commentary also points to a more predictable, supportive environment, and emphasizes that being ready to execute is increasingly a differentiator.³ As a result, management teams are approaching deals differently, with fewer exploratory efforts and more well-supported scale

transactions with clear, measurable operating benefits. Buyers are engaging more selectively and committing later, but when they engage, they move with conviction and impose tighter execution standards. Tighter credit markets resulting from geopolitical uncertainty may affect the volume and size of deals.

Across subsectors, the pressures are not the same. Banks—especially smaller ones—have a shrinking window to “make scale pay off.” Banks are acquiring or partnering with fintechs to modernize, but face infrastructure and technology integration struggles. Capital markets firms are still using consolidation, not organic growth, to fund investment—especially where distribution and operating leverage reinforce each other. Insurance remains split: Activity is stronger when a deal adds distribution control or a specialty capability, and more limited elsewhere due to underwriting volatility and tighter valuation discipline. This quarter, the main challenges were less about macro uncertainty and more about execution realism. Technology integration, data migration, control environments, and regulatory readiness are now core diligence priorities—not items to address after signing.

Three themes stood out this quarter:

- First, financing and structure: Deal value was driven largely by all-stock or mixed-consideration transactions. This reflects the preference of many management teams to protect balance sheets and reduce exposure to interest-rate moves.
- Second, concentrated value versus dispersed volume: Total announced value is still shaped by a small number of large deals—especially in banking and capital markets. Because of that, deal count alone can make the market look healthier than it is if the mix of deals is not considered.
- Third, integration reality: Buyers are treating post-close execution as a make-or-break factor, not a later workstream. If technology, risk, or compliance integration cannot be credibly sequenced within 12 to 18 months, then deals tend to slow down, reprice, or stop.

¹ Gaby Villaluz and Zuhaib Gull, “Bank M&A deal tracker: Q1 2026 on pace for highest value in 7 years,” S&P Global News & Insights, February 5, 2026.

² Anthony Di Tomasso, “Regulatory Reversal Spurs Wave of U.S. Bank Mergers,” Fitch Ratings, January 26, 2026.

³ Jeffrey A. Brill, Mark Chorazak, and Michael P. Reed, “The Long-Anticipated Wave of Bank Consolidation Starts to Break,” Skadden, Arps, Slate, Meagher & Flom LLP, January 13, 2026.

We would be remiss if we did not note that GenAI is fundamentally changing due diligence, planning, and execution. Injecting safe and locked down GenAI into a deal changes diligence and integration from a retrospective, sample-based process into a full-coverage, intelligence-led engine that not only identifies risk but quantifies value at a process, contract, and data level. The real shift isn't speed, it's that by the time the deal is signed, buyers can already have a bottom-up transformation roadmap and can start executing value from Day 1.

The watch-out is simple: Faster approvals shorten the time between signing and realizing value. Acquirers that wait until after the announcement to plan integration may miss the window to capture the benefits this cycle can offer.

Q1 2026 highlights

608
deals

↓ **-53.9%**
decrease in number
of deals QoQ

\$123.8
deal value (in \$US bn)

↓ **-28.9%**
decrease in deal value
QoQ

“Q1’26 was defined by selective, high-conviction deals—where regulatory clarity and integration readiness separated the firms that could move from the ones that couldn’t.”

— Nadia Orawski
*US Deal Advisory & Strategy Banking Leader and
Financial Services Strategy Leader, KPMG LLP*



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

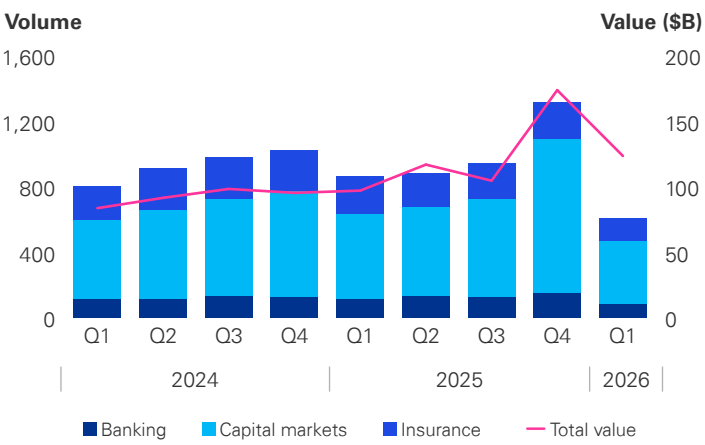


Fewer deals, heavier bets

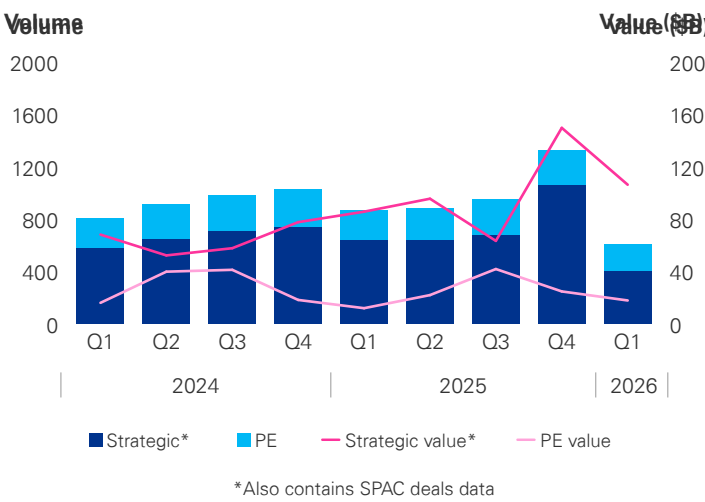
Deal activity in Q1'26 cooled from the unusually strong close at the end of 2025. Total deal value declined quarter over quarter (QoQ) but remained higher than a year ago. Deal volume fell more sharply on both measures, reinforcing a market driven by selective, high-conviction transactions rather than broad participation.

Strategic buyers pulled back more noticeably on volume, reflecting higher internal approval thresholds and fewer discretionary transactions. Private equity (PE) activity proved more resilient, though still lower, reflecting increased selectivity rather than a lack of available capital. Value trends continue to be led by strategic buyers. PE deal value rose year over year (YoY) despite fewer transactions. Owing to disparities in valuation expectations between buyer and seller, most PE activity is not in platform deals but in add-ons or sell-side deals.

Financial services deal volume and value

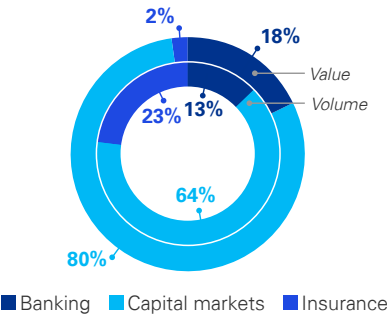


Financial services strategic/PE deal volume and value

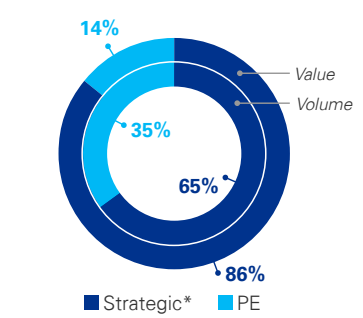


Financial services - Q1'26

Sector mix

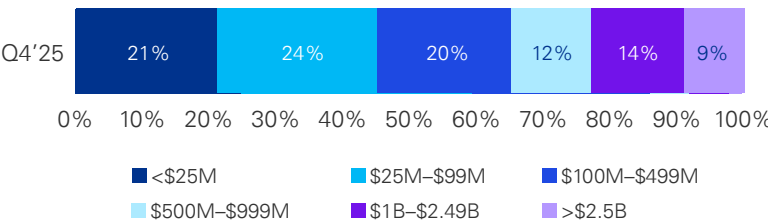


PE/strategic mix



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

Financial services total deal size mix - Q1'26



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

Sector data

Banking: Scale-driven transactions, integration readiness

Fewer transactions and highly concentrated value characterized banking M&A in Q1'26. Deal volume declined meaningfully both QoQ and YoY. While total deal value fell from Q4'25 levels, it remained modestly higher than the prior year.

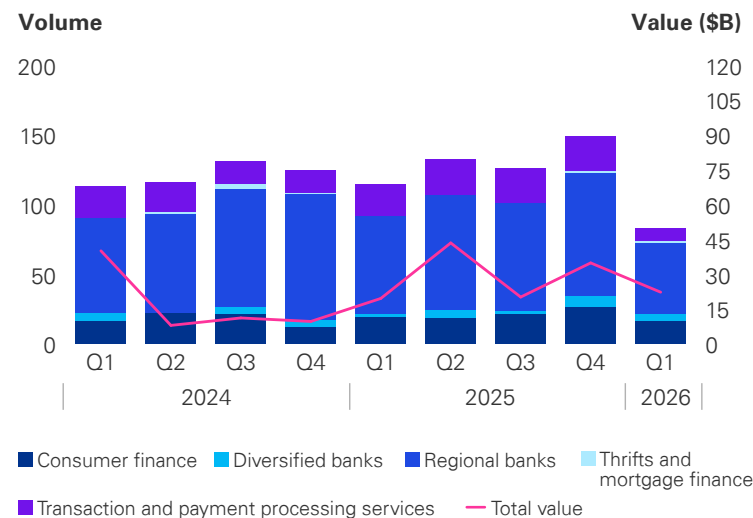
This dynamic mirrors late 2025: A limited number of scale-driven transactions accounted for most of the value, while middle-market activity continued to thin. Transactions such as Santander's all-stock combination with Webster⁴ highlighted how foreign and super-regional buyers are underwriting US scale, funding stability, and efficiency rather than near-term earnings growth.

Implication: Buyers are underwriting regulatory certainty, balance sheet strength, and integration readiness rather than incremental growth. As a result, regional banks that are not prepared to meet these standards increasingly find themselves in an implicit sell-side position.

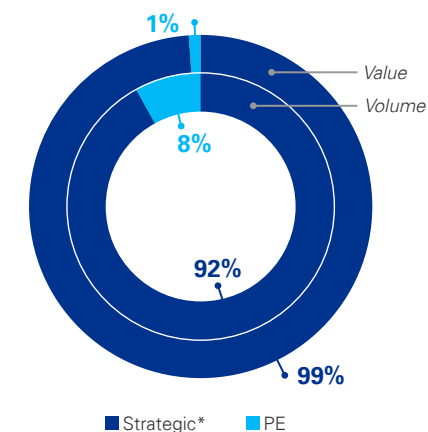
Decision lens for dealmakers

- **Next 90–180 days:** Regional banks must decide whether to position themselves as buyers—with regulatory and integration plans fully developed—or accept that they are effectively sellers.
- **Recurring execution risk:** Underestimating the complexity of core conversion and regulatory sequencing, particularly as approval timelines compress.
- **Practical move:** Develop a live regulatory and integration readiness playbook before identifying a target—not after entering exclusivity.

Banking deals by subsector



Banking strategic/PE mix – Q1'26



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



⁴Banco Santander, "Santander to acquire Webster Bank for \$12.2 billion, allowing the group to achieve 18% RoTE in the U.S. by 2028 while creating a stronger, more competitive bank for customers," Santander Press Release, February 3, 2026.

Capital markets: Platforms over products

Capital markets remained the volume leader, but activity fell the most QoQ. Deal value declined from an unusually strong Q4'25 close but stayed well above last year's level. This was driven by a small number of platform- and distribution-focused transactions.

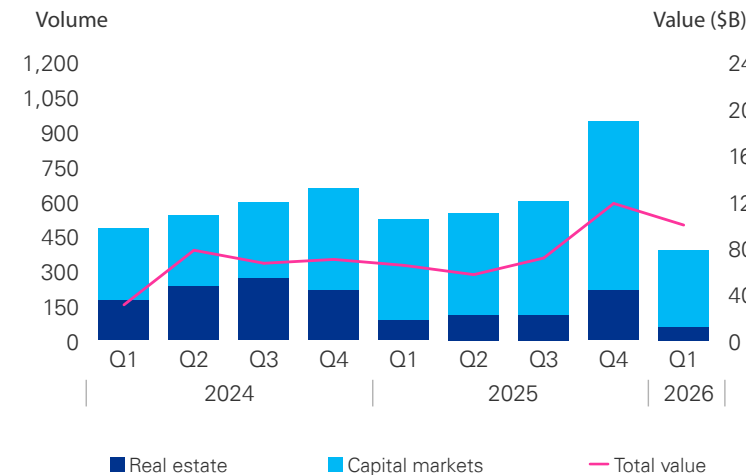
Registered investment adviser consolidation, asset management platform combinations, and technology-enabled infrastructure deals continued to lead the market. The Nuveen-Schroders transaction⁵ highlights the main drivers: expanding global distribution, improving access to private markets, and increasing operating leverage—rather than simply growing assets under management.

Implication: Buyers are focusing on durable distribution, operating leverage, and governance control. When the stability of earnings is uncertain, they are more likely to use partnerships or minority stakes instead of full acquisitions.

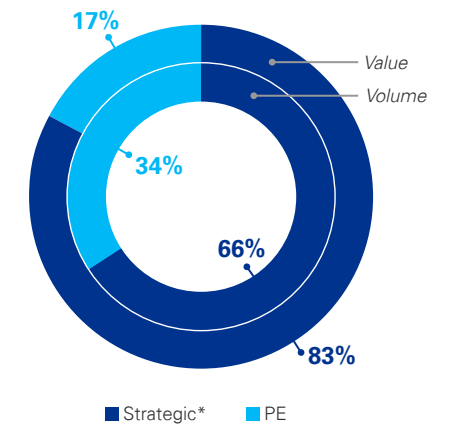
Decision lens for dealmakers

- **Next 90–180 days:** Activity should continue, but it will concentrate on scaled platforms with defensible distribution.
- **Recurring execution risk:** In adviser-led businesses, the value often comes from autonomy. Deals can stumble if cultural fit and operating models are assumed rather than confirmed.
- **Practical move:** Before signing, pressure-test retention, governance, and compensation alignment. These deals tend to fail quietly through attrition, not through a single visible break.

Capital markets deals by subsector



Capital markets strategic/PE mix - Q1'26



Values may not add to 100% due to rounding.

*Data also contains figures for SPAC deals.



⁵ Iain Withers and Tommy Reggiori Wilkes, "Schroders Agrees \$13.5 billion sale to Nuveen as family sells out," Reuters, February 12, 2026.

Insurance: Specialization and scale drive brokerage integration

Insurance M&A in Q1'26 showed the clearest split in the market. Deal volume fell sharply QoQ and YoY. Deal value also dropped meaningfully, mainly because there were no large platform transactions like those seen in prior periods.

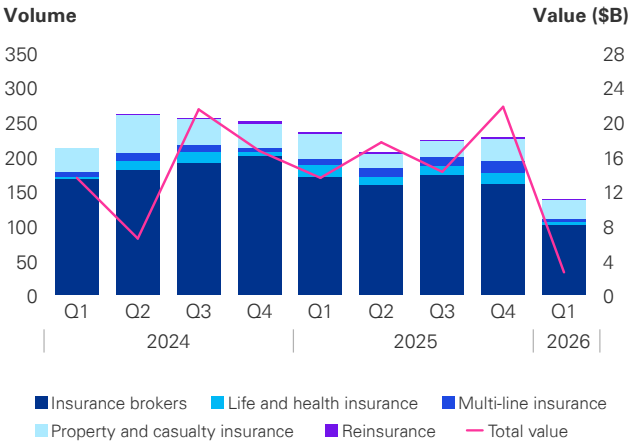
Even so, strategic interest remained. Brokerage consolidation, MGA acquisitions, and specialty capability plays continued, but more selectively. The Corebridge–Equitable all-stock merger⁶ shows that when scale, capital efficiency, and product fit align, management teams are still willing to act decisively. PE interest remains focused on quality distribution and specialty underwriting.

Implication: Capital is flowing to assets with clear underwriting quality and a distribution advantage. At the same time, deal volume is falling for smaller targets or those that require complex integration.

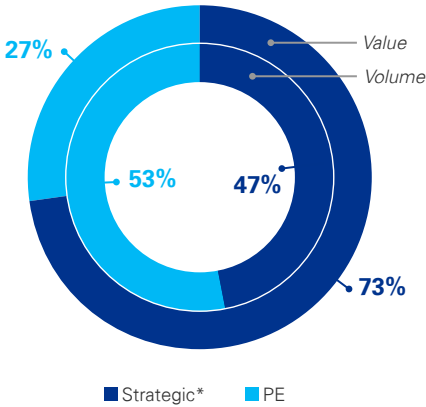
Decision lens for dealmakers

- **Next 90–180 days:** Expect fewer deals and greater scrutiny of asset quality and earnings sustainability.
- **Recurring execution risk:** Paying for growth without the ability to integrate underwriting across systems, compliance, and data.
- **Practical move:** Tighten diligence on producer economics, data integrity, and the assumptions behind post-close operating leverage.

Insurance deals by subsector



Insurance strategic/PE mix - Q1'26



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



⁶ Corebridge Financial, “Corebridge Financial and Equitable Holdings Announce Transformational Merger,” Business Wire, March 26, 2026.

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Top deals

Acquirer: Corebridge Financial, Inc. Target: Equitable Holdings, Inc.	Value (billions) \$22.0
Acquirer: Nuveen, LLC Target: Schroders plc	Value (billions) \$13.5
Acquirer: Banco Santander, S.A. Target: Webster Financial Corporation	Value (billions) \$12.2
Acquirer: Public Storage Target: National Storage Affiliates Trust	Value (billions) \$10.5
Acquirer: Capital One Financial Corporation Target: Brex Inc.	Value (billions) \$5.2

Q1'26 data has been updated as of 31st Mar 2026; 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 not be directly comparable to this version, as historical data has been restated to reflect updated industry reclassifications.

Conviction favors the prepared

Looking ahead to Q2'26, the fundamental drivers of M&A will remain intact despite the uncertainties resulting from the conflict in the Middle East.⁷ Banks and financial institutions show signs of tightening credit, but under the right conditions, deal sentiment remains positive. The market is rewarding acquirers that have both financial capacity and the ability to execute operationally. Regulatory clarity supports execution, but it also leaves less room to improvise. It is important to determine early how and where AI will be leveraged across the deal – from diligence through execution. In this cycle, strong preparation quickly becomes a competitive advantage.

Banking is entering the next quarter with consolidation as a necessity, not a choice. Capital markets firms are likely to keep pursuing platform scale selectively, and minority stakes and partnerships will remain attractive when full integration risk outweighs the benefits of control. Insurance activity will likely stay uneven, with strength in specialty and distribution and restraint elsewhere.

⁷ Dean Bell, "A Test of Resilience: How the war with Iran will impact M&A in the U.S.," LinkedIn, March 17, 2026.

⁸ John Orsini, "U.S. Wealth Management Opens 2026 on Record Momentum," MarshBerry, February 17, 2026.

⁹ Eoin O'Keeffe, "Insurance Market: 2025 Year in Review and the Outlook for 2026," FOCUS Investment Banking, February 10, 2026.



Banking: Scale with no slack

In 2026, banking M&A will favor deals where the benefits of scale, funding stability, and regulatory readiness are already clear at signing. Faster approval timelines increase execution risk and leave little room for integration mistakes. As a result, management teams may pursue fewer, larger transactions supported by fully sequenced plans for technology, risk, and compliance conversion.



Capital markets: Platforms over fragments

Capital markets dealmaking is expected to keep favoring scaled—or clearly scalable—platform deals over broad, fragmented activity. Minority stakes, partnerships, and selective control transactions will remain common when valuation gaps and integration complexity outweigh the benefits of full ownership.⁸



Insurance: Quality counts again

Insurance M&A in 2026 is likely to remain uneven, with activity concentrated in specialty capabilities and high-quality distribution assets. Volatile underwriting conditions and valuation discipline will limit broader consolidation, reinforcing a stronger focus on earnings durability, data integrity, and post-close operating leverage. In line with this trend, foreign insurers and global asset managers are expected to continue cross-border acquisitions in the US insurance market.⁹

Key considerations as we look ahead

01

Decide before the market decides for you:

Management teams should decide whether they intend to be a consolidator or a consolidation target. Waiting too long can destroy value faster than unfavorable pricing.

02

Keep an eye on political developments:

Prolonged policy uncertainty and post-midterm power shifts could tighten risk appetite and liquidity in private credit markets, slow deal activity, and extend regulatory and supervisory approval timelines for financial institutions, creating execution risk for transactions and strategic initiatives.

03

Look beyond earnings in diligence:

Using AI to surface revenue opportunities, scalability constraints, and integration complexity earlier and faster has become central to validating value creation, shaping synergy conviction, and strengthening the strategic case for the deal, not just managing post-close execution.

04

Plan integration early—and move faster:

Shorter regulatory timelines compress the time available for integration planning. This heightens the need for enhanced M&A readiness, including putting integration leadership, structure, and a roadmap in place before the deal is announced, not after approval.

05

Make the downside explicit in pricing:

Stress-test synergies and funding assumptions against scenarios that are tougher than the base case. If the deal only works in stable conditions, then it does not work.

06

Use the current policy window:

Approval standards remain workable, but history suggests this window will not stay open indefinitely.



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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