



M&A trends in financial services

Q3 2025 M&A trends report

Strategic shifts and fewer deals
in FS M&A, Q3'25

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Consolidation accelerates; uncertainty lingers

The third quarter of 2025 marked a pivotal inflection point for mergers and acquisitions (M&A) in financial services, as dealmakers navigated a landscape shaped by regulatory easing, macroeconomic volatility, and targeted strategic growth.

Momentum from the prior quarter, driven by regulatory rollback and private equity interest, persisted in the third quarter of 2025 (Q3'25). However, inflation, credit quality concerns, trade policy uncertainty, and geopolitical tensions posed significant challenges, requiring adept navigation. Regulatory recalibrations have instilled new confidence in bank executives, with streamlined approval processes creating a conducive climate for M&A.¹ Shortened regulatory approval timelines, now reduced to around 100 days, could encourage more serial acquisitions, enhancing consolidation efforts among banks.

Major transactions in banking and insurance, with a focus on regional banks and specialty insurers, highlighted the sector's push for scale, technology integration, and diversification. Despite lingering macroeconomic uncertainties, private equity (PE) remained active, targeting stable revenue streams and specialty niches, particularly in insurance and wealth management.²

The focus on high-quality, strategic deals persisted, emphasizing synergies, operational scale, and geographic expansion. The sector demonstrated resilience amid ongoing volatility, while consolidation, digital transformation, and growth ambitions continued to underpin the market's trajectory.

Q3 2025 highlights

1,184
deals

↓ -7.4%
decrease in number
of deals QoQ

\$99.2
deal value (in \$US bn)

↓ -41.7%
decrease in deal
value QoQ

“Accelerated regulatory approvals are driving an uptick in large-scale banking M&A and regional bank consolidation, with the approval window for major deals now shortened significantly.”

—Nadia Orawski
Principal, Transaction Strategy, KPMG LLP



¹ Lananh Nguyen and Saeed Azhar. “US Bank M&A Hopes Revive Under Trump Regulators,” Reuters, July 14, 2025

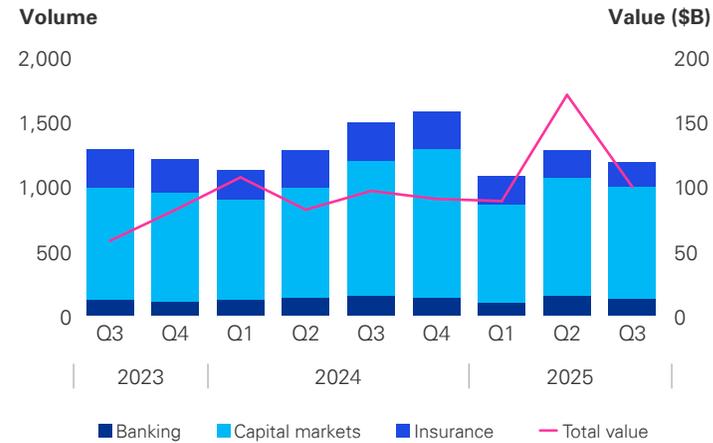
² Kim Kovalski and John Orsini, “Large Deals Shifting the Dynamic in the Wealth Advisory M&A Space,” MarshBerry, July 11, 2025

Big deals, bold moves, diverging paths

Deal value showed resilience on the back of landmark transactions, even as overall volume softened. Subsector dynamics reveal a market recalibrating for scale, specialization, and digital edge.

Q3'25 saw a 7.4 percent decline in deal volume quarter-over-quarter (QoQ) and a fall of 20.7 percent year-over-year (YoY), reflecting a market still digesting earlier volatility. However, deal value, while down sharply from the second quarter's (Q2'25) mega-deal-driven spike, remained 3.2 percent higher than a year ago, signaling that strategic, high-value transactions continue to shape the landscape. This divergence between value and volume underscores a market where quality and strategic intent are trumping sheer deal count.

Financial services deal volume and value



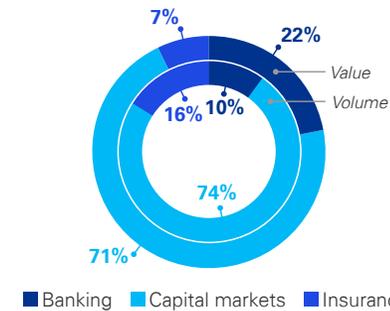
Financial services strategic/PE deal volume and value



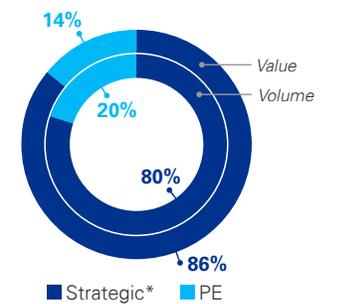
*Also contains SPAC deals data

Financial services - Q3'25

Sector mix

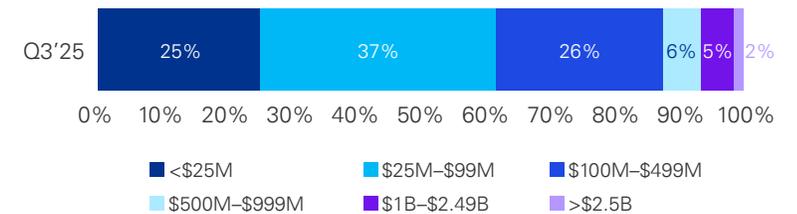


PE/strategic mix



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

Financial services total deal size mix - Q3'25



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

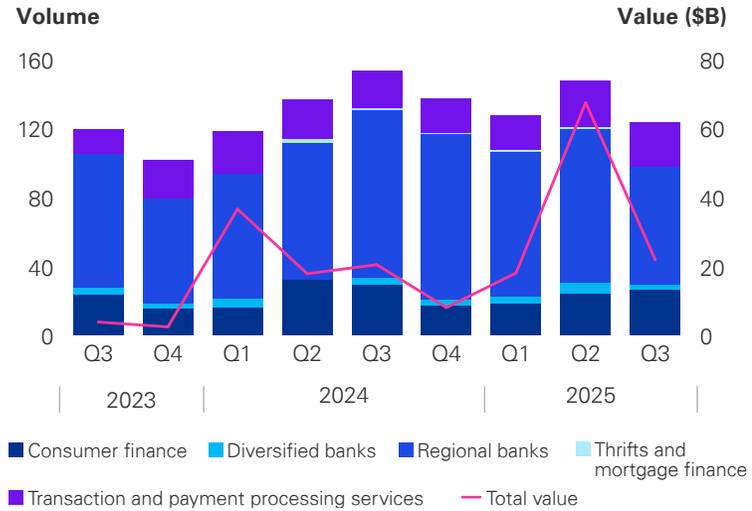
Sector data

Banking: Urgency, scale, and strategic realignment

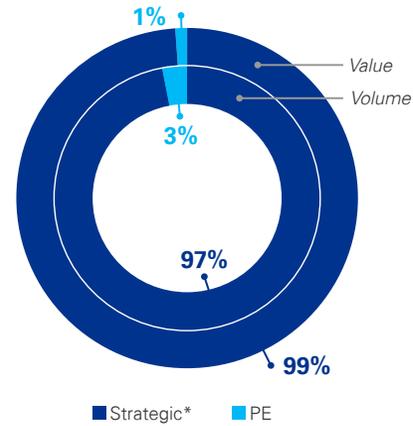
In the banking sector, deal volume decreased by 16.3 percent QoQ and 19.6 percent YoY, while deal value fell 67.7 percent QoQ but still increased 7.3 percent YoY. Despite this decline, regulatory recalibration—such as the restoration of predictable merger review frameworks—has bolstered an optimistic climate, accelerating regional and mid-sized bank consolidations. PNC’s acquisition of FirstBank, marked by its low cost of acquisition and access to sticky deposits, exemplifies the drive for coast-to-coast expansion, making scale an imperative for survival amid rising costs and digital transformation demands. Additionally, economic factors such as interest rates and specific concerns like elevated vacancies and delinquency rates in commercial real estate are affecting credit quality and shaping M&A valuations, underscoring the need for careful risk management. These factors require banks to act swiftly to enhance their market position or risk being acquired, with significant pressures to adapt to new technological demands and integrate efficiently. Looking deeper into the data, regional banking deal value surged from \$5.0 billion in Q2’25 to \$17.4 billion in Q3’25—a 245 percent QoQ increase and the highest level since the first quarter of 2022—even as deal volume declined from 89 to 68 over the same period. This indicates not only a rise in overall deal value but also a higher value per transaction. Credit union activity also gained momentum, with deal count climbing from 19 in the first quarter of 2025 (Q1’25) to 25 in Q2’25 and 26 in Q3’25.



Banking deals by subsector

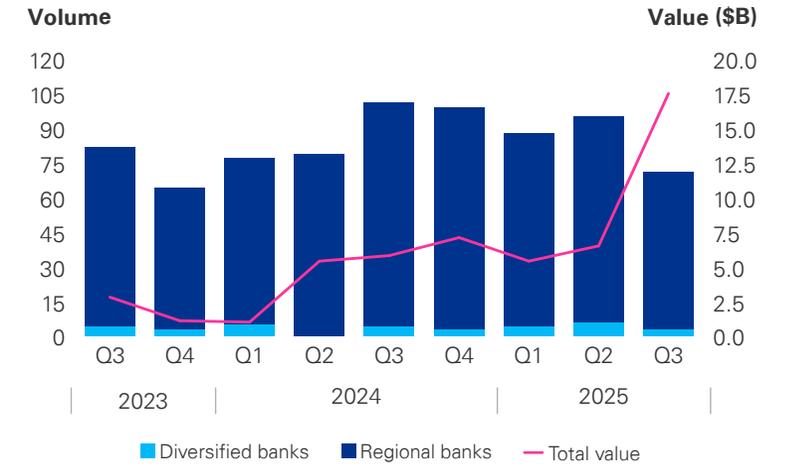


Banking strategic/PE mix

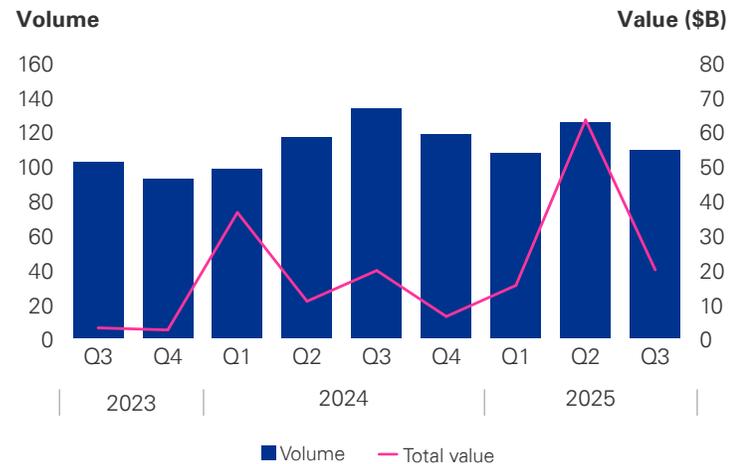


Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

Diversified and regional banks deal volume and value



Banking domestic deal volume and value



Capital markets: Volume leader, value riser

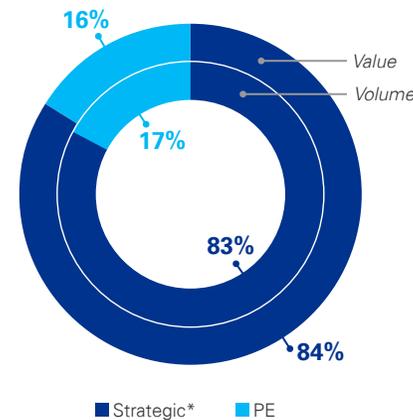
In the capital markets, deal volume declined by 4.3 percent QoQ and 15.7 percent YoY, while deal value decreased 16.2 percent QoQ but increased 23.7 percent YoY. This uneven landscape reflected the sector’s push toward consolidation and diversification, particularly through roll-ups of registered investment advisors and acquisitions of alternative investment platforms. The quarter was heavily influenced by elevated interest rates and economic uncertainty, prompting dealmakers to seek strategic opportunities, often in distressed situations. Regulatory scrutiny intensified globally, with antitrust authorities adopting stricter stances, especially affecting transactions involving technology and financial services. This environment compelled firms to prioritize higher-value deals that deliver scale, client acquisition capabilities, and operational leverage to navigate increased competition and volatility.

There was a notable shift toward market infrastructure consolidation, as firms aimed to achieve scale economies amid margin pressures. Furthermore, PE activity remained robust due to accumulated dry powder, positioning sponsors to rapidly respond once financing conditions stabilize. Firms continued to embrace digital transformation and pursue technology-driven consolidations to strengthen competitive positioning. Advances in fintech partnerships and trading platforms (e.g., growth in registered investment adviser acquisitions) provide pathways for competitive advantage.³ Despite these challenges, the focus on capital markets infrastructure deals showcased the sector’s efforts to enhance operational efficiency and bolster returns in a dynamic macroeconomic climate.

Capital markets deals by subsector



Capital markets strategic/PE mix- Q3'25



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



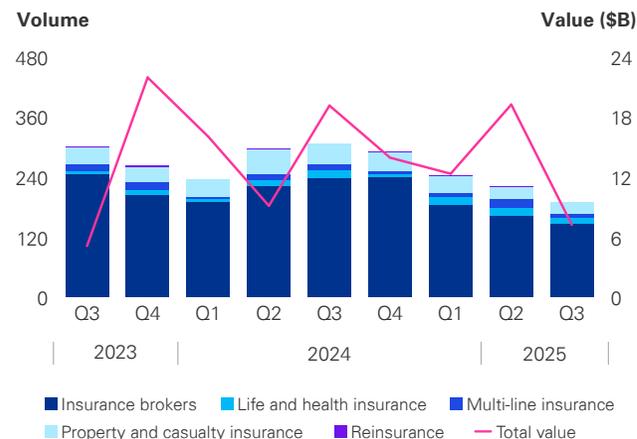
³ John Orsini, “Wealth Advisory M&A Accelerates Further Into Record Territory Through August,” MarshBerry, September 4, 2025

Insurance: Specialty focus amid sharp correction

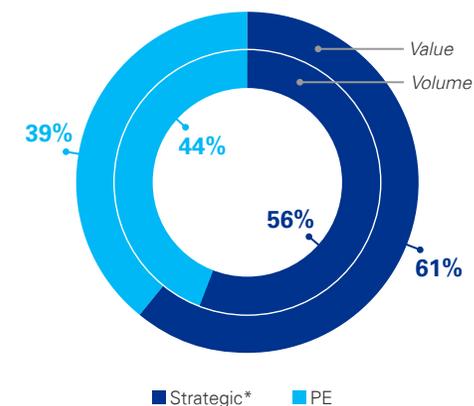
Within the insurance sector, deal volume decreased by 14.5 percent QoQ and 38.2 percent YoY, while deal value fell by 62.4 percent QoQ and 62.1 percent YoY. Despite this decline, the M&A activity was characterized by transactions involving specialty carriers and brokerages, as firms targeted niche segments to capture premium valuations and enhance diversification. The sector is recalibrating after a period of intense prior consolidation. Insurers are now focusing on selective, strategic acquisitions with an emphasis on operational efficiency and robust risk management, driven by increasing regulatory demands for climate risk disclosures and capital adequacy. The moderate hurricane season allowed property insurers to rebuild reserves, but elevated claim costs pressured margins in some areas.

Additionally, the Insurtech consolidation accelerated as funding declined, prompting smaller digital firms to merge or seek acquisition by established carriers. Cyber insurance demand surged, attracting new entrants and driving premium growth. Despite a challenging macroeconomic environment, PE interest remained strong, particularly in specialty commercial lines and managing general agents (MGAs), underscoring a sector poised to adapt and innovate through targeted strategic investments.

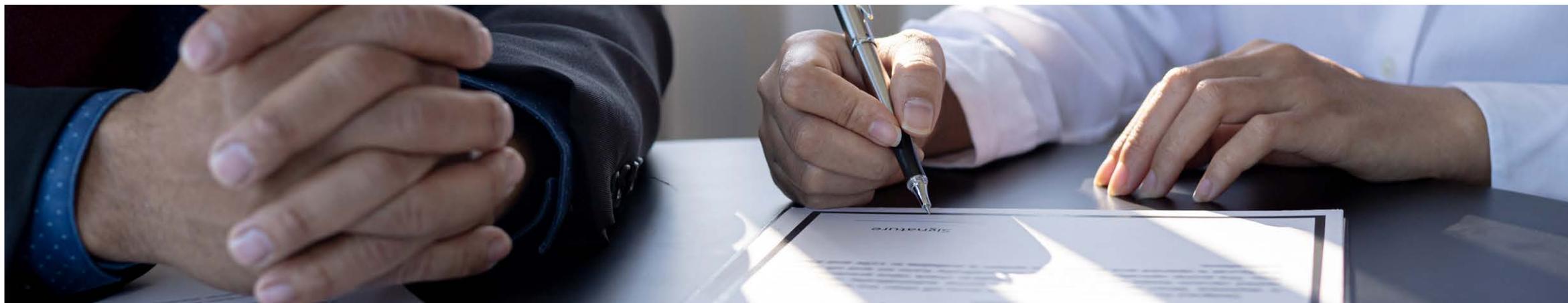
Insurance deals by subsector



Insurance strategic/PE mix - Q3'25



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





Top deals

<p>Acquirer: Pinnacle Financial Partners, Inc.</p> <p>Target: Synovus Financial Corp.</p>	<p>Value (billions) \$8.6</p>
<p>Acquirer: The PNC Financial Services Group, Inc.</p> <p>Target: FirstBank Holding Company</p>	<p>Value (billions) \$4.1</p>
<p>Acquirer: Boxabl Inc.</p> <p>Target: FG Merger II Corp.</p>	<p>Value (billions) \$3.5</p>
<p>Acquirer: Madison Dearborn Partners</p> <p>Target: NFP (Wealth Management Business)</p>	<p>Value (billions) \$2.7</p>
<p>Acquirer: Apollo Asset Management, Goldman Sachs Asset Management, MCR Hotels</p> <p>Target: Soho House</p>	<p>Value (billions) \$2.7</p>

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.

Momentum builds, but strategic clarity is essential amid challenges

The financial services M&A market continues to gain traction in Q4'25 and as Fiscal Year 2026 approaches, benefitting from regulatory recalibrations and potential interest rate cuts, which may lower borrowing costs and stimulate dealmaking, especially for private equity buyers. However, the sector faces ongoing challenges, such as elevated inflation, potential geopolitical tensions, and persistent trade policy uncertainty. Firms are urged to maintain strategic clarity and focus on readiness as they navigate these shifting dynamics, with caution advised against kneejerk reactions to rapid interest rate cuts, which could spur inflationary pressures, as observed in recent international examples.



Banking: “Scale or surrender”

As regulatory clarity accelerates regional bank consolidations, the race is on for expansion and efficiency. Manage credit risks, particularly in commercial real estate, to remain an attractive M&A target.



Capital markets: “Embrace digital, embrace scale”

Capital markets seek resilience and growth through technology-driven infrastructure consolidations, even as scrutiny intensifies. The focus on achieving operational efficiencies is pivotal in navigating economic volatility.



Insurance: “Adapt or integrate”

With cyber insurance growth and interest rate cuts promising opportunities, insurers must pursue strategic acquisitions or innovation to counteract slowing organic growth and manage integration risks.



Dealmakers: “Prepare for precision”

Strategically, dealmakers should prepare for a competitive landscape where execution excellence, integration readiness, and data-driven diligence will separate winners from laggards. The market is open—but only to those ready to move with precision.

Key considerations as we look ahead

01

Align strategy and prepare:

Decide whether to be an acquirer or target, and have M&A playbooks ready. Focus on swift mobilization of teams, crucial for banks seeking scale.

04

Prioritize digital and specialty growth:

Invest in digital transformation and niche segments. Embrace cyber insurance and fintech partnerships to bolster market position.

02

Extend diligence beyond finances:

Ensure comprehensive due diligence, including technology, cybersecurity, and cultural fit—these are key for successful mergers, especially in the insurance sector.

05

Focus on integration and risk management:

Execute deals with discipline, focusing on risk management and effective integration. Establish dedicated integration management offices for larger transactions.

03

Proactively manage volatility:

Use scenario planning and agile strategies to anticipate and mitigate disruptions from economic shifts.





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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