EVALUESERVE

Global Financial Services Industry: M&A and Capital Market Landscape Q3’25 Review

Contents

Global Financial Services Market Q3’25: Scale and strategy defines valuation....3

Key Sectoral Performance: Tale of 4 Key Sub-Sectors....4

Global Financial Services M&A Q3’25: Resilient Growth Amid Uncertainty!....5

Funding: Volumes Rebounds as Optimism Grips the Market....7

ESG: Key to Long-term and Sustainable Value Generation....8

2025 Outlook: Adaptation, Integration and Expansion!....8

Authors....9

Evalueserve Disclaimer....11

Global Financial Services Market Q3’25: Scale and strategy defines valuation

In Q3’25, the global financial services industry witnessed a powerful wave of consolidation and capital market activity. Large institutions leaned into strategic mergers to strengthen scale, diversify offerings and sharpen their competitive edge, while fintech and digital-first players became prime targets for acquisition. The quarter was defined by decisive moves rather than incremental plays, signaling confidence in long-term growth despite lingering macroeconomic uncertainties.

Regionally, North America and Europe remained the epicenters of dealmaking, but Asia-Pacific stood out with rising activity in banking and fintech consolidation. Sovereign wealth funds and private equity firms played a pivotal role, deploying capital into transformative deals that reshaped the competitive map.

Equity markets mirrored this dynamism, buoyed by record-high valuations and a favorable interest rate environment. Companies tapped into investor appetite through fresh equity issuance, while financial institutions leveraged strong market conditions to raise capital for acquisitions and balance sheet strengthening. The quarter also saw heightened activity in sustainability-linked offerings and fintech IPOs, reflecting investor focus on innovation and long-term value creation.

Debt markets also played a crucial role, with private credit expanding its influence as an alternative to traditional financing. Refinancing activity picked up as borrowers capitalized on lower yields and structured products gained traction among institutional investors seeking diversification. The interplay between equity and debt markets created a balanced environment for capital raising.

Q3’25 showcased a sector in transition moving beyond incremental growth toward strategic restructuring and innovation. M&A and capital markets together signaled a new era of scale, integration and global reach, positioning financial services firms to thrive in an increasingly competitive and interconnected landscape.

The following key developments had a strong bearing on M&A and Capital markets’ activities across the global financial services market during Q3’25:

- Companies explored foreign investments to bring in cutting-edge technology, global best practices, increased product offerings and improved access to capital for the next level of growth
- Transactions of significant size dominated activity, reflecting confidence in long-term growth and a willingness to reshape competitive structures
- Macroeconomic conditions and geopolitical tensions remained challenging, trade tensions and economic uncertainty influenced capital flows, with investors favoring defensive sectors and stable jurisdictions
- Alternative capital providers deployed substantial dry powder into financial services, driving both buyouts and minority investments
- Spotlight were also on divestitures of non-core assets as businesses attempted to strengthen their balance sheets and make their business models more resilient
- The focus seemed to be shifting to long-term planning and M&A as a way of addressing strategic issues in the sector, leading to a return of investor confidence and stability to banking markets

Sector Wise Performance (YTD'25)

Insurance stocks declined due to margin pressures from rising claims costs, regulatory changes and competitive pricing dynamics, with higher interest rate volatility weighed on profitability, dampening investor sentiment

The **asset management** stocks growth supported by strong inflows into equities, ETFs and alternative strategies, resilient fee structures and favorable market liquidity conditions that amplified earnings momentum.

The **S&P 500** stocks climbed on the back of strong corporate earnings growth, resilient consumer demand and optimism around technology and AI-driven sectors, pushing valuations higher

Banking stocks rose due to resilient loan growth, stronger net interest margins and easing rate volatility that boosted investor confidence

FinTech stocks rose due to strong digital adoption, expanding payment platforms and robust lending growth which was further supported by regulatory tailwinds and increased investor confidence in scalable, tech-enabled financial solutions

Source: The sectoral analysis reflects the general performance of the respective S&P indices

Financial markets worldwide showcased robust sectoral growth, driven by resilient capital flows, strategic consolidation and accelerating innovation across regions

Key Sectoral Performance: Tale of 4 Key Sub-Sectors

Banking

- The M&A deal volume increased in YTD'25 as compared to YTD'24.
- One of the major factors being strategic portfolio realignments, strong capital positions, and the push for scale and digital capabilities
- In the US, 50 transactions took place in the Midwest, making it the most-targeted region, followed by the Southeast region with 25 announced transactions
- US bank M&A activity anticipates continued integration, driven by strategic growth needs, digital transformation and strong capital

Asset Management

- Companies are prioritizing integrated solutions that combine advisory, distribution and product capabilities to meet evolving client needs
- Traditional active managers are expected to collaborate to gain scale, diversify offerings and meet rising demand for integrated investment solutions
- Pension funds are no longer passive allocators but active dealmakers, directly shaping M&A activity. Their involvement is expected to expand further into private credit, infrastructure and technology, reinforcing their

positions, though tempered by regulatory scrutiny and market volatility

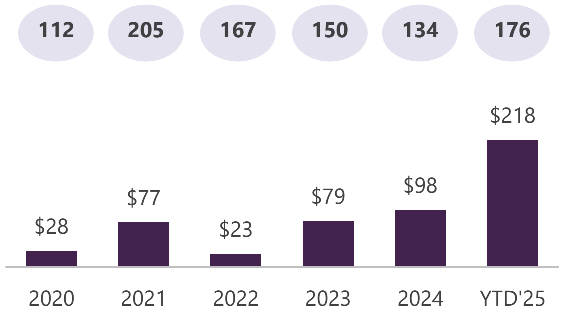


Figure: Count and Value of US Banks' M&A Deals (in US$bn)

role as stabilizers in the global financial ecosystem

- The Wealth Management M&A market remains robust, with 79 announced transactions in Q3'25
- Asset managers anticipate convergence between traditional and alternative strategies, deeper digital adoption and sustainability-driven capital flows. Firms that achieve scale, embrace AI and diversify across asset classes will capture the bulk of growth, while those slow to adapt risk being marginalized in an increasingly competitive global financial services market

Insurance

- Insurance corporations continue to divest capital-intensive life and annuity businesses to focus on core products and reduce complexity in their operations
- As per OPTIS Partners, there were a total of 188 announced insurance agency mergers and acquisitions in Q3'25, down 13% from 217 in Q3'24
- Insurance companies focused on scaling revenues, diversifying product lines and deploying capital into equities and technology to strengthen market positioning and capture broader spectrum across geographies

FinTech

- Due to growth in broader venture funding, fintech funding increased by 26% in Q3'25, compared to Q3'24
- The total capital invested in FinTech globally were amounted to $20.3 in Q3'25, compared to $16.1bn in Q3'24
- While broader venture funding grew, fintech's recovery was uneven deal volumes fell, but average deal sizes and mega-rounds surged, signalling confidence in mature FinTech
- Significant developments in blockchain, digital banking, mobile payments, cybersecurity and API integration gained traction

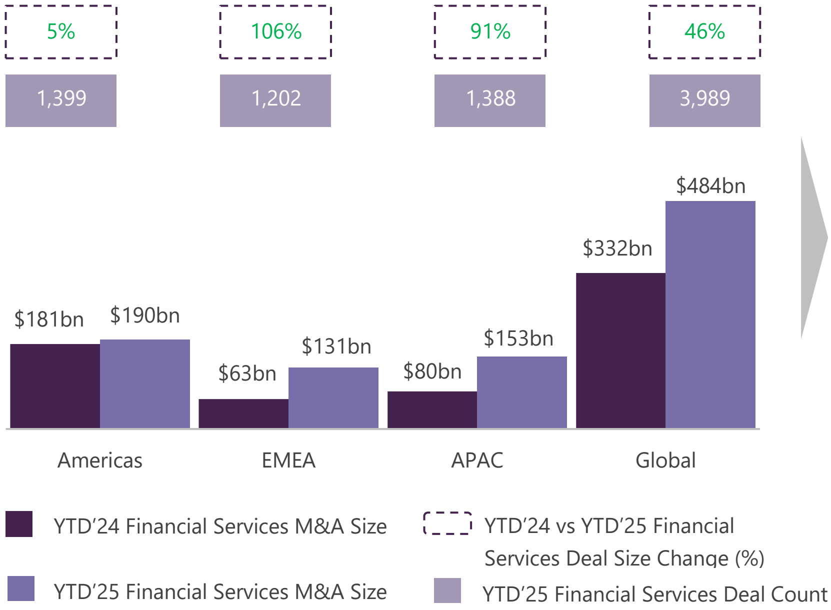
Global Financial Services M&A YTD'25: Resilient Growth Amid Uncertainty!

In Q3'25 and YTD'25, global financial services M&A activity remained robust as acquirers targeted high-quality assets and resilient business models. Strategic acquisition in banking, insurance and asset management was driven by both corporate and private equity firms, while cross-border transactions gained traction amid diversification efforts and sovereign fund participation. Banks led consolidation to strengthen capital efficiency and digital capabilities, insurers expanded into health and cyber risk coverage and asset managers accelerated moves into private credit and alternatives.

Cross-border M&A in financial services during YTD'25 is defined by megadeals, emerging market inflows, and strategic diversification, with private equity and institutional investors driving global connectivity.

Despite geopolitical uncertainty and regulatory pressures, the M&A landscape reflected confidence in adoption of technology, ESG integration and strategic growth, positioning 2025 as a transformative year for global financial services.

Outlook for global financial services M&A is one of resilient growth, larger deal sizes, and strategic diversification, underpinned by private equity liquidity and digital transformation imperatives.



Mergers and acquisitions rebounded in Q3'25 after a downbeat in Q3'24, thanks to the return of mega deals.

Comerica's acquisition by Fifth Third for $10.6bn and Synovus Financial by Pinnacle for US$7.8bn were some of notable big-ticket deals (where the transaction value is greater than or equal to US$1.0bn) in Q3'25

Source: Refinitiv. Figures in US$bn. Data as of October 23, 2025.

Some of the key observations during YTD'25:

- Steady flow of carve-outs, spin-offs and joint ventures offered creative ways to achieve strategic goals
- With abundant dry powder, PE sponsors financed and executed many of the largest deals, often partnering with pension funds and sovereign wealth funds
- Corporates with strong balance sheets and sound M&A processes had a competitive advantage in the current market as they had enough dry powder and the ability to extract synergies
- Emerging markets, particularly India and Southeast Asia, attracted inbound capital, while developed markets focused on efficiency and technology-driven consolidation
- Nearly half of corporates and sponsors cited strategic growth and capability acquisition, especially digital, AI, and ESG, as the primary motivations for dealmaking

Key M&A Themes

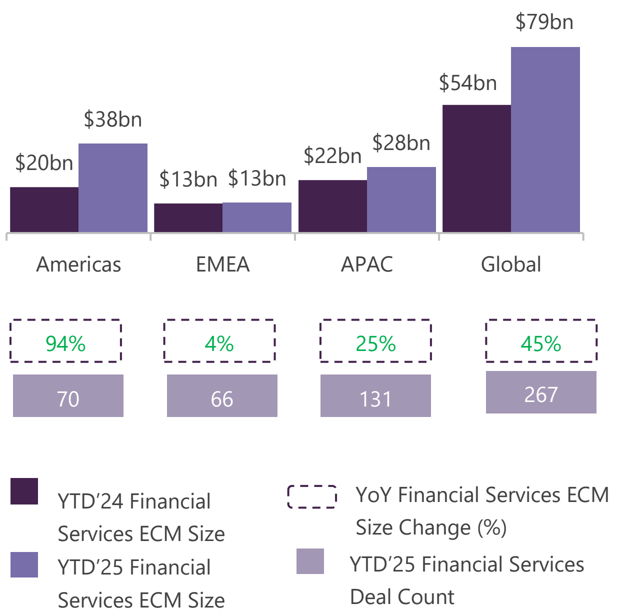
Strategic alliances	Cross-border Expansion	Business expansion	Private equity liquidity
Sectoral diversification	Operational synergies	Regulatory adaption	Portfolio rebalancing

Funding: Volumes Rebounds as Optimism Grips the Market

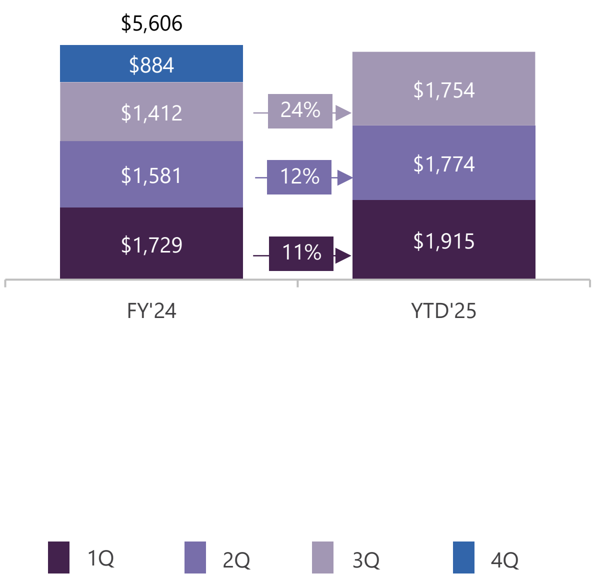
The Debt Capital Market (DCM) showed significant signs of re-acceleration in Q3'25 as market volatility significantly increased due to aggressive tariff policies in the US. Most of the deals were related to refinancing and repricing, though volumes decelerated a drastically post February as secondary market weakness dampened momentum. However, Investors exhibited greater risk tolerance as banks have been more active, resulting in decent M&A financing in the syndicated debt markets and more favorable pricing during the year. Aided by strong investor interest and tighter spreads, borrowers refinanced more costly private credit with more affordable widely syndicated loans. Overall, looking ahead we expect refinancing deals to remain under focus in Q4'25 with interest rate cuts and Central Bank stimulus globally, likely to give an improved market tone for deals offset a bit by some political headwinds.

The resurgence in Equity Capital Market (ECM) in the US was primarily driven by the perception of lower in interest rates and easing inflation, strong base effect (soft y-o-y figures) and better economic growth prospects and listing companies' willingness to accept valuation resets. Majority of the deal activity came from FinTech companies with investors focusing on innovation and growth. The IPO backlog continues to be robust with a large set of companies planning to get themselves listed as post market performance improve. This should ideally continue to drive volumes in the Q4'25.

Global Financial Services ECM



Global Financial Services DCM & Syndicate Loans



Source: Refinitiv data as of October 23, 2025. Figures in US$bn; ECM=Equity Capital Market, DCM=Debt Capital Market

ESG: Key to Long-term and Sustainable Value Generation

The COVID-19 pandemic has demonstrated that adhering to ESG factors is key to crisis-resilient long-term value creation. Companies with dynamic business cultures were relatively more resilient during the shutdowns, given their ability to absorb the shock. Globally, investors have started to recognize the potential benefits of announcing an acquisition that is ESG accretive.

Global financial regulators have identified scenario analysis as a potentially useful means of evaluating and managing financial institutions' exposure to climate-related financial risks. Regulators in the US have begun to investigate how to use scenario analysis to better evaluate the long-term, climate-related financial risks that financial institutions face, as well as how these risks may emerge and vary from past events.

As the ESG investment market continues to grow rapidly, Banks are strategically deploying fintech ecosystems to drive sustainability in their products and operations which is referred to as 'Sustainable Digital Finance'. Several banks have joined the UN-convened Net-Zero Banking Alliance. Under this, they have committed to align their lending and investment portfolios with net-zero emissions by 2050.

Q4'25 Outlook: Adaptation, Integration and Expansion!

Despite the recent slowdown, the long-term fundamental M&A themes remain intact. We foresee the following trends to define the overall deal-making in Q4'25:

1. **Digital & AI integration:** Strategic acquisitions will focus on Fintech, AI-enabled platforms and embedded finance ecosystems, reinforcing digital transformation as a core M&A rationale
2. **ESG & sustainability alignment:** Climate-resilient portfolios and green finance assets will remain central to deal structuring, with insurers and asset managers embedding ESG imperatives into acquisition strategies
3. **Regulatory & geopolitical headwinds:** Heightened scrutiny in Europe and Asia, coupled with geopolitical uncertainty, will elongate deal timelines but not materially dampen appetite for strategic transactions
4. **Restructuring:** Participants in the FS market are observing increasing indications of a decline in credit quality. Regulatory adjustments, including global tax rule refinements, are prompting financial institutions to restructure operations for better compliance. Additionally, banking sector consolidation is expected, with regional banks divesting assets and fintech-driven mergers accelerating.
5. **Valuation discipline:** Buyers are maintaining strict pricing strategies, focusing on synergies, cost optimization, and balance sheet efficiency. Rather than chasing inflated multiples, acquirers are targeting assets that deliver operational leverage and strategic fit. This disciplined approach ensures resilience against potential interest rate volatility and regulatory scrutiny
6. **Private equity deployment:** PE sponsors are intensifying activity, leveraging abundant unallocated capital to finance large deals. Their role is increasingly pivotal, not only as financiers but also as strategic partners in structuring complex transactions

Authors

Arjun Paul

Manager – Corporate and Investment Banking LoB

Arjun.Paul@evalueserve.com

Arjun has 10+ years of experience in working with offshore investment banking teams.

Garima Singhal

Lead Analyst – Corporate and Investment Banking LoB

Garima.Singhal@evalueserve.com

Garima has 4+ years of experience in working as part of an investment banking offshore team with focus on the financial services industry.

How Evalueserve Can Help

Evalueserve has extensive experience working with large, mid-market investment, and boutique advisory firms that deal with franchising companies across sectors such as sports, education, home improvement, entertainment, health and wellness, and food and beverages. Our resources are experienced and qualified to support clients with in-depth analysis and detailed presentations. The Evalueserve team works as an extended team for clients and helps them in matters such as identifying and profiling potential targets / buyers with relevant metrics, financial and operational benchmarking, financial modelling and valuation, benchmarking of franchise financials, confidential information memorandums, detailed management presentations, indications of interests, live deal support, and deal marketing.

Read more about our end-to-end deal support at Corporate Finance Research Consulting | Evalueserve.

To know more about our investment banking offerings, visit our webpage: Investment Banking Advisory - Evalueserve.

ABOUT EVALUESERVE

Evalueserve is a leading analytics partner to Fortune500 companies. Powered by mind+machine™, Evalueserve combines insights emerging from data and research with the efficiency of digital tools and platforms to design impactful solutions. A global team of 4,000+ experts collaborates with clients across 15+ industries.

CONNECT WITH US

Connect with us on .

If you are interested in speaking with Evalueserve about how your organisation can adapt for tomorrow, please contact us at info@evalueserve.com or, for more information, visit www.evalueserve.com.

Evalueserve Disclaimer

The information contained in this report has been obtained from reliable sources. The output is in accordance with the information available on such sources and has been carried out to the best of our knowledge with utmost care and precision. While Evalueserve has no reason to believe that there is any inaccuracy or defect in such information, Evalueserve disclaims all warranties, expressed or implied, including warranties of accuracy, completeness, correctness, adequacy, merchantability and / or fitness of the information.