2025 mid-year outlook

Global M&A trends in financial services

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Large deals continue to lead the way in financial services M&A

By Christopher Sur

Bold bets amid uncertainty: How megadeals, private credit and regional momentum are shaping financial services M&A in 2025.

While the M&A outlook in financial services (FS) globally this year has been marked by significant economic and geopolitical uncertainties, the appetite for large deals continues to grow as pressure for consolidation and transformation across banking, asset and wealth management, as well as insurance intensifies.

In the first half of 2025 global FS deal values increased by approximately 15% compared to the first half of 2024, despite a 1% decline in deal volumes. The rise in deal values is due to an increase in larger deals, a trend we observed in our 2025 M&A outlook published in January. The first half of 2025 saw ten megadeals (deals greater than $5bn), compared to six in the first half of 2024 and ten in the second half of the year. The three largest FS deals announced in the first half of 2025 were Global Payments' proposed $24.25bn acquisition of Worldpay, Monte dei Paschi di Siena's $13.9bn takeover bid to acquire Mediobanca and FIS' proposed acquisition of Global Payments' Issuer Solutions business for $13.5bn. Two of these were in the payments sector, with the other in banking.

For these dealmakers and others, the pressures on financial services players to adapt to changing competitive dynamics is underpinning deals across geographies and subsectors and outweighing the broader market uncertainties about the economic outlook and concern over tariffs which has created a more cautious investment approach. We also believe the current environment presents an opportunity for dealmakers to be proactive and take bold actions to shape their future. However, some dealmakers appear to have hit the pause button as they seek to obtain greater clarity over the current conditions.

For private equity portfolio companies, exits remain difficult and the build-up of IPO candidates has grown as the public equity markets recover from the volatility caused by April's tariff announcements. On a more positive note, with several companies planning an IPO exit once conditions improve, we expect several of these to come to market over the coming months or years. A dynamic IPO market may also create positive tailwinds for the M&A market.

Looking ahead, financial institutions continue to look for economies of scale and digital transformation—fundamental drivers of deal activity in recent years—but we also note some other trends affecting the entire financial services ecosystem. One significant development is the growth of private credit, which has spurred private equity firms to expand and diversify into financial services, but which also presents an opportunity for asset managers and insurers, as we discuss in more detail below.

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Another area to watch is the future of banking regulation, particularly in the US. Should capital requirements for financial institutions ease, this could free up additional funds to finance M&A activity and to invest in technology and customer experience enhancements as companies seek to compete with new market entrants.

> 'The trend of megadeals in the FS sector continues. In addition, the rising importance of less-regulated "free style" private credit offerings is one of the most significant trends for financial services today and will continue to mark M&A activity in the years to come.'
>
> **Christopher Sur,** Global Financial Services Deals Leader, PwC Germany

Key M&A themes for financial services

Private credit's expanding role

Private credit—or direct lending by non-banks such as investment funds to corporate borrowers—is one of the big growth stories in financial services over the past decade, as well as arguably its biggest challenge. With assets under management of almost $2tn globally, private credit has now reached a point where it directly competes with leveraged bank lending. By its nature, private credit is less regulated and less traded than leveraged bank lending, and it has increasingly attracted large private equity (PE) players seeking to diversify into financial services and build FS ecosystems. Large PE players such as Apollo, Blackstone, Fortress and KKR, have been focused on growing their private credit capabilities, including through acquisitions of insurers or bank portfolios. Such acquisitions have significantly increased the size of their assets under management.

While private credit's growth has mostly come from direct lending, it has recently begun to spread into **different parts of the debt value chain** such as asset-based structured finance. And it's not just PE who see private credit as a new growth opportunity—it is also attracting new players such as insurers and asset managers. Consequently, private credit is not just an asset class, but increasingly also an area for M&A. Examples of deals in the first half of 2025 include M&G Investments acquiring a majority stake in P Capital Partners, a European private credit business, Brookfield's proposed acquisition of a majority stake in alternative asset manager Angel Oak to expand its private credit business and PNC Bank's proposed acquisition of Aqueduct Capital, a broker-dealer focused on raising capital for private equity and private credit strategies.

Beyond fuelling growth as a standalone asset class, private credit is emerging as a pivotal enabler of M&A—stepping in to finance larger and more complex transactions with speed, using bespoke structures, and providing funding certainty that traditional lenders are often unable to match.

Capital relief on the horizon? Regulatory easing may spur a new wave of deals.

The capital requirements that banks in the US must meet are under review. Recent comments from regulators suggest changes may be in the offing to the so-called supplementary leverage ratio (SLR), which stipulates the amount of Tier 1 capital banks must hold against their total leverage. This ratio was introduced after the 2008 global financial crisis, and US banks have long argued that it penalises them for holding low-risk assets including US Treasury bonds. Both the US Treasury Secretary and the Federal Reserve Board Chairman have publicly discussed reforming capital requirements in recent weeks. It remains to be seen whether changes would lower the amount of capital banks are required to hold, or whether they would exclude low-risk assets such as Treasuries.

Any softening of the SLR would likely put pressure on bank regulators in Europe and elsewhere to revisit their capital rules for financial institutions, potentially sparking a global shift away from tighter capital requirements. That in turn could be a boon for M&A in financial services, by freeing up currently restricted capital that could be deployed to accelerate the consolidation wave that is driving merger activity.

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Spotlight on:

Middle East: A dynamic M&A landscape for financial services

The Middle East's financial services sector is undergoing a profound transformation, marked by strategic shifts and consolidation in banking and insurance, robust growth in asset management, and rapid innovation in fintech—all underpinned by the overarching vision of economic growth set by governments.

The M&A landscape is evolving in response. FS deals activity in the Middle East in the first half of 2025 was robust, with approximately 70 deals announced, for a total value of $1.6bn. This was up from approximately 60 deals and $400m in deal value in the first half of 2024. Asset and wealth management, as well as banking and capital markets lead the dealmaking.

Looking ahead, domestic and cross-border activity are expected to accelerate as markets mature, regulatory frameworks stabilise, and investor confidence strengthens.

Banking's next chapter: How M&A is creating national champions

The Middle East's banking sector is entering a new phase of consolidation and digital disruption which is redefining competitive dynamics in the region, with a growing divide between agile, tech-enabled banks and those struggling to adapt. Looking ahead, M&A is likely to remain a key lever for strategic repositioning in an increasingly digitised and integrated regional banking landscape.

While markets like Saudi Arabia and the UAE led earlier waves of consolidation—with landmark deals such as the creation of Saudi National Bank in 2021 and First Abu Dhabi Bank in 2016—recent developments in other markets such as Bahrain and Oman signal a more widespread push across the region. This second wave is characterised by activity among mid-sized banks seeking resilience in a tightening margin environment and by cross-border interest in regional integration.

Digital transformation is accelerating with the launch of multiple digital-first financial institutions such as Wio in the UAE and STC Bank in Saudi Arabia. Traditional banks are looking to modernise core systems, launch digital-only subsidiaries, and experiment with blockchain and crypto infrastructure, often in regulatory sandboxes designed to encourage innovation.

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Asset management: From local wealth to global capital

Total financial wealth in Gulf Cooperation Council (GCC) countries, mostly concentrated in UAE and Saudi Arabia, is expected to grow from $3.2tn in 2023 to $3.8tn by 2027, according to the UBS Global Wealth Report, but asset management as a percentage of GDP is still relatively low at about 30% for UAE and 20% for Saudi Arabia, compared with 140% in the US and 80% in the UK. The Middle East continues to attract global asset managers, driven by rapid wealth accumulation, economic diversification, and favourable business environments. Dubai, which Henley & Partners' World's Wealthiest Cities Report 2025 now ranks among the world's 20 wealthiest cities, has seen a 102% growth in millionaires over the past decade.

This wealth concentration has made the Gulf region an attractive launchpad for international players with some firms having established regional offices in Riyadh, Dubai and Abu Dhabi. In late 2024 Brookfield Asset Management announced plans to launch a $2bn fund focused on the Middle East, with financial services as a core sector for deployment.

Insurance consolidates: Sovereign backing, local ambition

The GCC insurance market as measured by gross written premiums is forecasted to grow by 50% to about $60bn in 2030. The region's insurance sector remains in its early stages of maturity, with ample room for growth across both life and non-life segments. Even in the UAE, which is the region's most developed market, insurance penetration stands at just 3% of GDP, according to BMI Fitch. This is significantly below levels seen in more mature markets such as the US (6.6%) and the UK (11.7%). Life insurance remains especially underpenetrated, accounting for only around 10% of total premiums.

Economic diversification efforts and stricter solvency requirements for insurers are prompting a wave of M&A, particularly among underperforming or sub-scale players. Takaful—an Islamic insurance system based on mutual cooperation and shared responsibility—is a central piece of this consolidation drive, as regulators seek to create more competitive, well-capitalized Islamic insurers that can scale regionally.

Sovereign wealth funds are stepping in as strategic investors in the insurance sector. Furthermore, international players like AXA and MetLife have recalibrated their presence in the region through targeted divestments and partnerships, while regional players such as Gulf Insurance Group (GIG) have grown through acquisition, notably with the $475m purchase of AXA Gulf in 2021.

e power of payments: Fintech M&A accelerates

The Middle East's fintech ecosystem is scaling rapidly: according to our research, there are now more than 1,000 active startups across digital payments, lending, wealth tech, and Sharia-compliant finance. Payments are the dominant growth engine, accounting for more than 40% of the market in terms of applications. This is driven by accelerating e-commerce activity, government-backed cashless economy initiatives, and evolving consumer expectations. Looking ahead, M&A activity is likely to intensify around payment infrastructure, embedded finance, and open banking enablers.

Strategic M&A and carve-outs are reshaping the industry. Mashreq launched NeoPay in 2022 to consolidate its digital payment services, then sold a majority stake in January 2025 to a consortium led by DgPays and Arcapita in a $385m deal. Brookfield Asset Management has deepened its Middle East exposure through payments-focused M&A—most notably by acquiring a controlling stake in Magnati from First Abu Dhabi Bank in 2022 and leading a consortium for the $2.76bn takeover in 2023 of a leading payments processor operating across the MENA region.

Sovereign wealth funds: From passive allocators to global strategic players

Middle Eastern sovereign wealth funds (SWFs) are no longer passive capital allocators—they are strategic actors reshaping global investment flows and regional economic architecture. Controlling around 40% of global SWF assets, Gulf-based funds such as Saudi Arabia's Public Investment Fund (PIF), Mubadala, and the Abu Dhabi Investment Authority (ADIA) are increasingly directing capital toward high-growth markets in Asia, Africa, and Latin America. In 2024 alone, they deployed an estimated $80bn globally, targeting sectors like fintech, healthcare, and asset management.

These outbound investments often serve a dual purpose: capturing upside in growth markets while gaining exposure to best practices, technologies, and operating models that can be replicated across their domestic portfolios. Notably, Mubadala's $500m investment in Revolut in 2024, which valued the UK-based fintech at $45bn, not only provided capital but also supported the firm's expansion into the Middle East—demonstrating how SWFs are increasingly using capital as leverage to bring global champions into the region under favourable regulatory and strategic terms.

At home, SWFs are driving consolidation and modernisation across financial services, shaping national champions in banking, insurance, and asset management. This integrated strategy of outward-looking investment for learning and influence, paired with inward-focused transformation, positions Middle Eastern SWFs as systemic enablers of both global capital deployment and local economic reinvention.

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Financial services deal volumes and values, H1’19-H1’25e

Click on the tabs below to view deal volumes and values by region.

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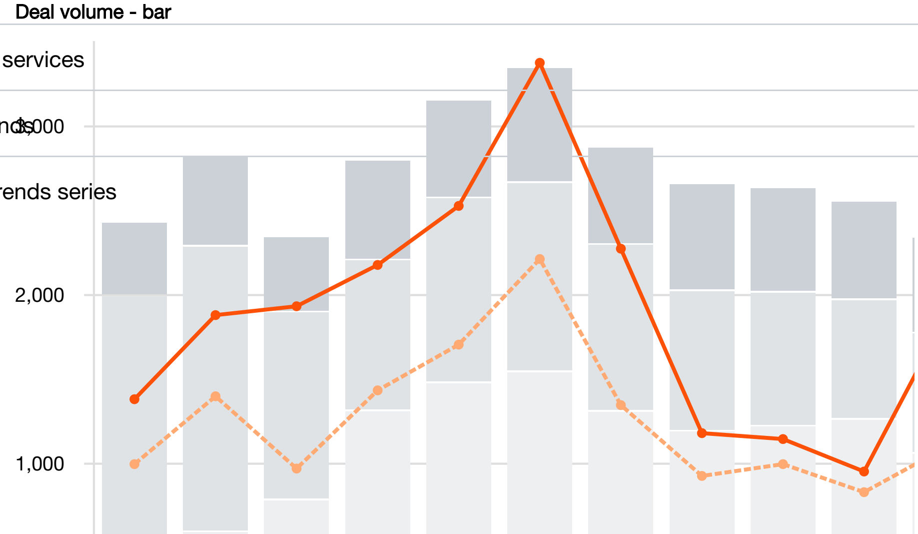
Global | Asia Pacific | EMEA | Americas

Asset and wealth management
Banking and capital markets
Insurance
Deal value
Deal value (excluding megadeals)



Strategic consolidations, particularly in the asset and wealth management sector, have sustained a steady flow of transactions within FS so far in 2025, despite dealmaking headwinds. In the first half of 2025, global deal volume in FS was 2,313, down 1% compared to 2,340 in the first half of 2024. The asset and wealth management sector saw a 5% increase in deal volumes, but overall, these were not enough to offset lower deal volumes in the banking and capital markets and insurance sectors. Deal values increased by approximately 15% in the first half of 2025, due to an increase in the number of larger deals, including ten megadeals (deals greater than $5bn) being announced.

Regionally, in the first half of 2025 compared to the first half of 2024, deal volume remained flat in Europe, the Middle East and Africa (EMEA) and the Americas and declined 4% in Asia Pacific. Each region maintained an approximate one-third share of the overall global total deal volume. Deal values also remained flat in the Americas and declined 15% in Asia Pacific. Meanwhile, in EMEA, deal values increased 70% as a result of a surge in European banking deals being announced in the first half of 2025 (as discussed further below).

Global M&A trends in financial services by subsector

Below we outline the key trends we expect to drive M&A activity across the banking and capital markets, asset and wealth management, and insurance sectors during the second half of 2025.

Banking and capital markets

Asset and wealth management

Insurance

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M&A outlook for financial services in the second half of 2025

The world of financial services continues to evolve rapidly across banking, insurance, and asset and wealth management, with growing pressures to consolidate and improve competitiveness. The growth of PE's interest in financial services has accelerated these trends. In that context, M&A continues to play a major role in transforming financial services and we expect deal flow to continue, including large-scale acquisitions, despite the uncertain geopolitical and economic context.

We are seeing confident dealmakers actively shaping their futures despite ongoing uncertainty and headwinds—some even pursuing megadeals, including multiple large transactions simultaneously. These bold moves are likely to define the M&A landscape for financial services, setting an example for others to follow.

About the data

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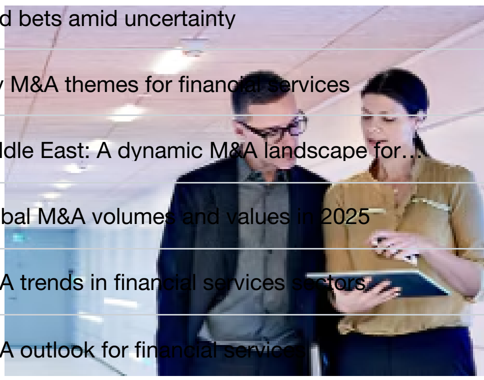

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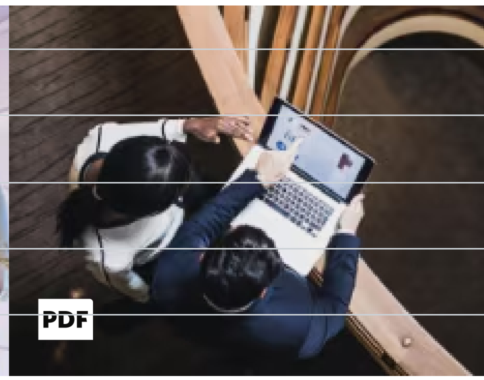

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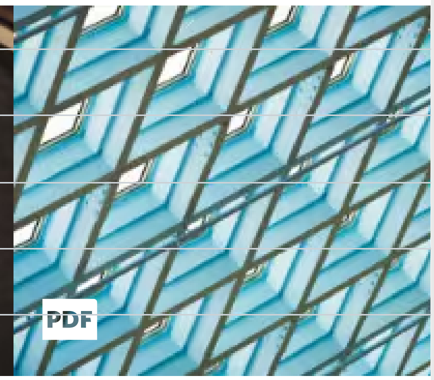

Insurance insights

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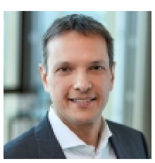

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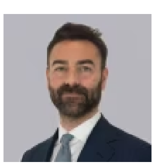

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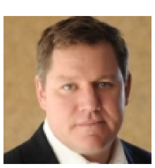

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