



Exploring M&A trends and challenges in banking

Unlock what regional & community bank leaders are prioritizing in 2025 and beyond



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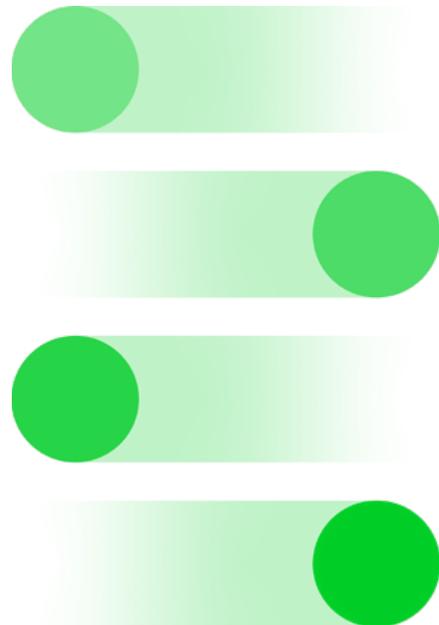
Executive summary

What began as a tentative start to 2025 quickly turned into a period of accelerating momentum. If Q1 proved anything, it's that mergers and acquisitions (M&A) remain one of the most effective ways for banks to accelerate growth and expand into new markets. Deal activity surged, with the number of transactions more than doubling compared to the same period last year, as banks moved quickly to stay competitive amid shifting customer expectations and rapid industry transformation.

New research from TechStudio™, an Energize Marketing® company, and FIS® reinforces the role of M&A as a strategic catalyst for banking leaders. More than just a growth tactic, these transactions are increasingly being used as a launchpad for bank modernization, giving institutions the opportunity to integrate proven technologies, streamline operations, and deliver faster, more seamless digital experiences. Banks that look beyond balance sheet gains and evaluate the value of acquired technology, talent, and security posture can unlock far greater long-term value.

The [Exploring M&A trends and challenges in banking survey](#), conducted in 2025 with 300 senior banking executives across North America, draws insights from regional and community banks with over \$1 billion in assets. Respondents include C-level and strategy executives responsible for enterprisewide transformation and growth, along with key stakeholders in lending, operations, and compliance. The data reveals that most banks maintain active M&A portfolios and expect continued deal activity, with the majority planning to complete a transaction within the next two years, though with a measured and risk-aware approach. The survey also reflects a strong sense of optimism, with the majority of banking leaders expecting M&A activity to grow, while others anticipate steady deal flow over the next two years.

These insights reflect firsthand experiences, challenges, and strategic priorities from the C-level and transformation leaders responsible for shaping their bank's long-term strategy. Today's decisions must balance short-term urgency with future-ready planning, allowing leaders to turn pressure into opportunity. Integration is complex, security cannot be an afterthought, and customer experience must be preserved throughout. That's why many institutions are turning to experienced fintech partners who bring strategic guidance, help define modernization priorities, and deliver composable ecosystems that scale.



“M&A creates more opportunities to sell more products to more people — a golden opportunity for any bank.”

- Chief Risk Officer, Regional Bank, Northeast U.S.

The opportunity is here — but those who delay risk falling behind

Key findings¹

Deal activity

70%

of respondent banks have either completed or attempted an M&A deal — showcasing widespread deal experience

56%

are actively pursuing acquisitions as part of a broader growth and modernization strategy

54%

expect to complete a deal within the next 12 months, signaling near-term momentum

Modernization opportunity

72%

of respondent banks have assessed potential cost savings or synergies — indicating readiness for integration

40%

of banking leaders view IT modernization and operational efficiency as critical drivers of post-M&A value creation

56%

say API capabilities and integration features will influence which core system they keep

Risk awareness

50%

of respondent banks cite financial instability of potential acquisition targets as the top M&A risk

41%

are concerned about cultural misalignment, followed by 37% citing technology or infrastructure challenges, and 35% pointing to regulatory or compliance risks



¹Source: Exploring M&A trends and challenges in banking survey, 2025. Conducted by Tech Studio™, an Energize Marketing® company, in partnership with FIS.

Market confidence: Where banking leaders stand

Banking leaders remain confident in near-term deal momentum.

According to the survey, **66% expect continued or increased M&A activity** over the next 12–24 months. **26% predict a strong uptick**, while **40% expect modest growth**.

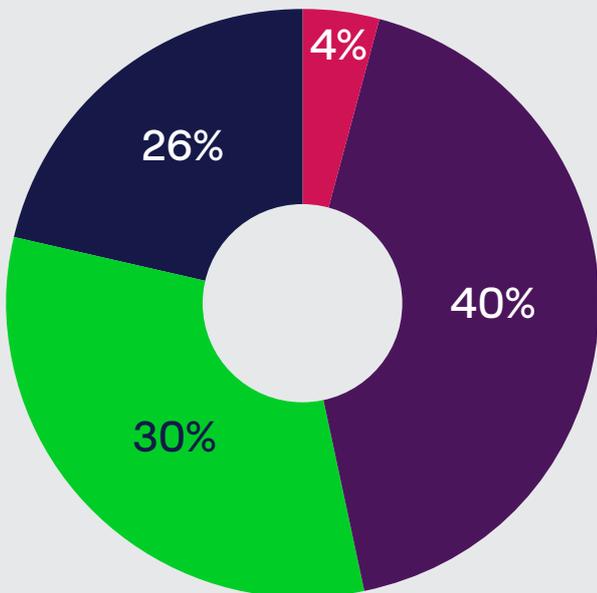
Only **4% anticipate a slowdown**, signaling that despite economic and regulatory challenges, M&A remains a key growth strategy on the table for regional and community banks.

Deal strategy and execution plans

Intentions are clear: 56% of banking executives say they're actively pursuing an acquisition, while 12% are preparing to be acquired and 6% are seeking a merger of equals. The remaining 26% are undecided, highlighting a flexible but focused market stance.

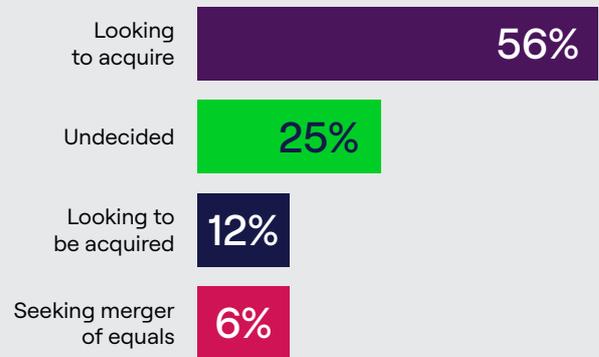
Timing expectations reveal urgency. 31% of respondents expect to complete a deal within six months, and another 23% within the year. Just 13% foresee a 1–3 year window, while 18% anticipate longer timelines, indicating a strong near-term focus among a majority of institutions.

How optimistic are you about M&A activity in the banking sector over the next 12–24 months?



- Somewhat optimistic
- Neutral
- Very optimistic
- Somewhat pessimistic

What best describes your current M&A goal?



What is your estimated timeline for completing a potential M&A transaction?



How M&A became a strategic imperative

Banks that undergo a merger or acquisition are not just pursuing growth. They're making a calculated move to modernize operations, boost competitiveness, or align with shifting customer expectations. Among institutions with over \$1 billion in assets, M&A is no longer seen as a side strategy. It's often viewed as central to transformation.

While the majority of banks surveyed have already completed or attempted an M&A transaction, a meaningful

30% have yet to engage. This group represents a prime opportunity for future deals, either as acquisition targets or as institutions entering the M&A landscape for the first time.

Among those that did not complete a deal, common blockers included regulatory hurdles (9%) and technology integration issues (5%). These hurdles highlight the need for strategic planning and experienced guidance from the outset.

Have you previously considered or attempted an M&A transaction?
If so, what challenges did you face?



■ 54%

Yes, and we successfully completed an M&A

■ 30%

No, we have not considered or attempted one

■ 9%

Yes, but we faced regulatory hurdles

■ 5%

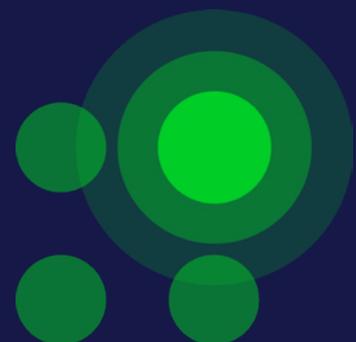
Yes, but technological integration was a major roadblock

■ 2%

Yes, but cultural alignment issues between institutions were challenging

"Geographic expansion opens doors to previously untapped customer bases."

- SVP, Commercial Lending,
Community Bank, Southwest U.S.



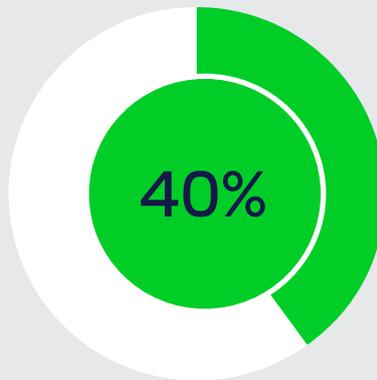
Strategic objectives driving M&A growth

Banks are leveraging M&A to fuel aggressive growth strategies. More than half (55%) cite customer base expansion as the top motivator, while nearly 40% seek geographic growth, and 35% are looking to break into new markets.

What do you wish to achieve with M&A?



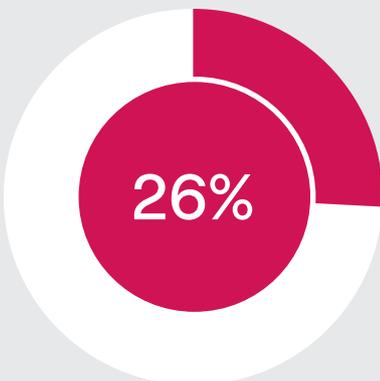
Increased customer base



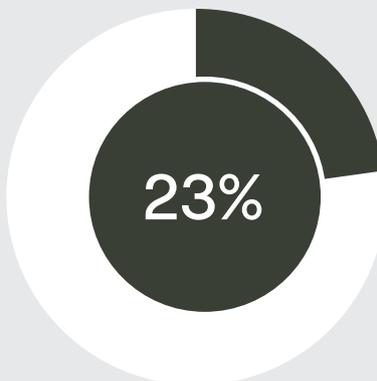
Geographic expansion



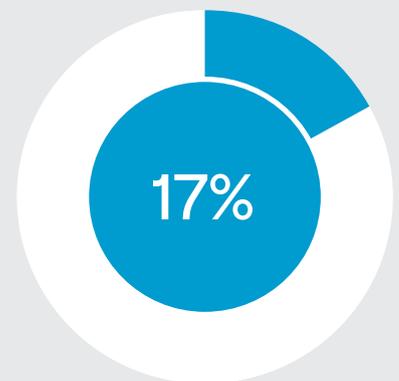
Market expansion



Cost savings



Operational efficiency



Regulatory compliance



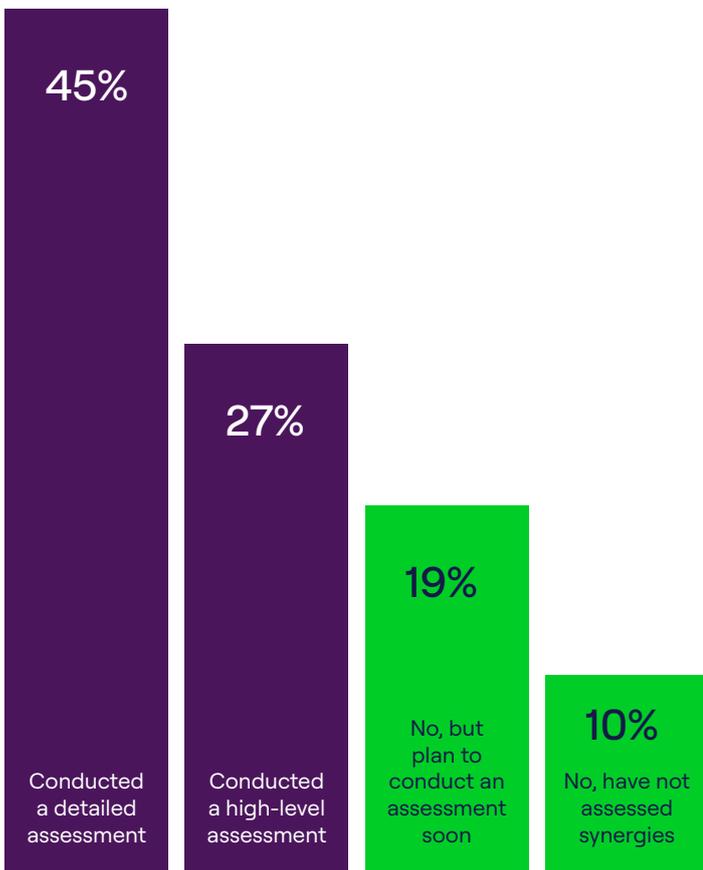
Financial incentives and deal preparedness

In addition to market expansion, many banks are focused on financial and operational advantages. Cost efficiencies lead the list of financial drivers (53%), followed by revenue growth (49%), diversification (30%), and addressing underperformance (23%).

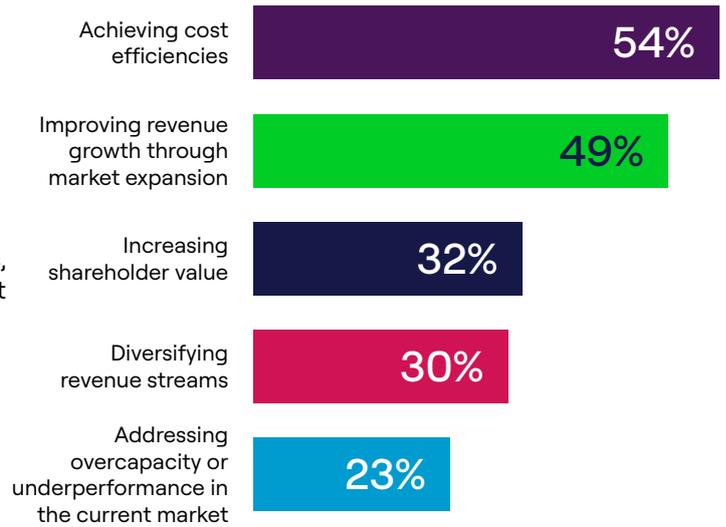
Operationally, banks are using M&A to reduce redundancies (54%), improve IT systems (40%), and address talent gaps (38%). These priorities underscore a broader goal: unlocking post-deal modernization.

More than 72% of banks have already evaluated M&A synergies, either through high-level or detailed assessments, highlighting just how active and opportunity-rich the market is. Meanwhile, the remaining 29% represent a segment where there is still room to push strategic action, signaling strong potential for further momentum in M&A planning and execution.

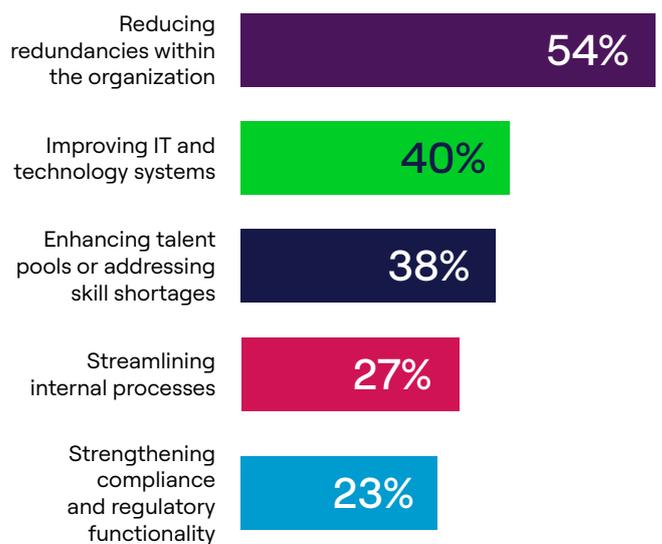
Have you estimated potential cost savings or synergies from a merger or acquisition?



What are the primary financial drivers for considering an M&A transaction?



What key operational inefficiencies are you hoping to address through an M&A transaction?

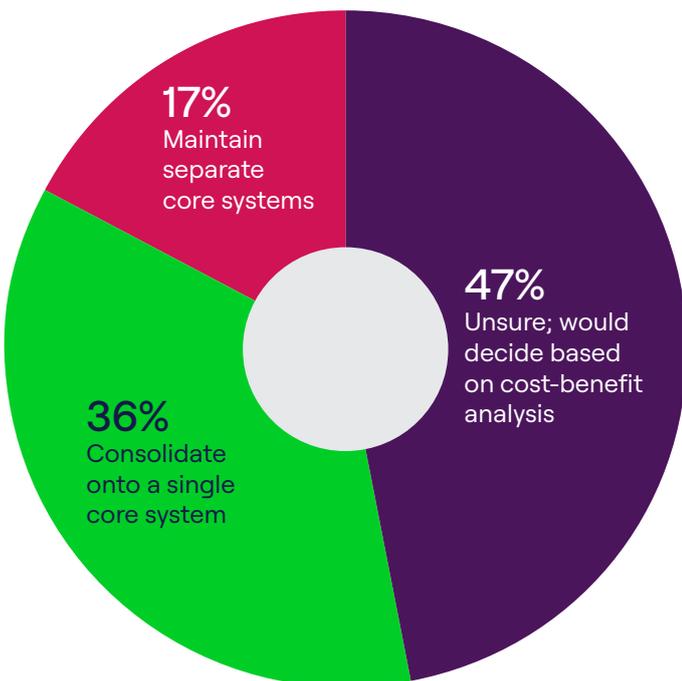


Risk readiness is the new due diligence

Reducing redundancies, upgrading tech, and streamlining operations may drive banks toward M&A, but after the deals are inked, institutions often face difficult decisions around joining and modernizing their infrastructure. Like many industries, banking is moving toward an ecosystem-based model. Yet only 36% of banking leaders currently favor consolidating onto a single technology platform, despite the integration and agility benefits it would bring. Another 17% plan to maintain separate systems, and 47% are taking a wait-and-see approach, opting for a cost/benefit analysis before deciding.

While bank executives differ on integration paths, they're more aligned on post-M&A technology priorities. More than half flagged the same eight capabilities as essential. Nearly two-thirds of leaders (62%) cite product features as the most critical factor when selecting a core system, and nearly that many (60%) emphasize the importance of API integration. Other key decision drivers, such as cost impact and operational efficiency (both at 59%), reflect the tightrope banks walk in balancing functionality with financial discipline.

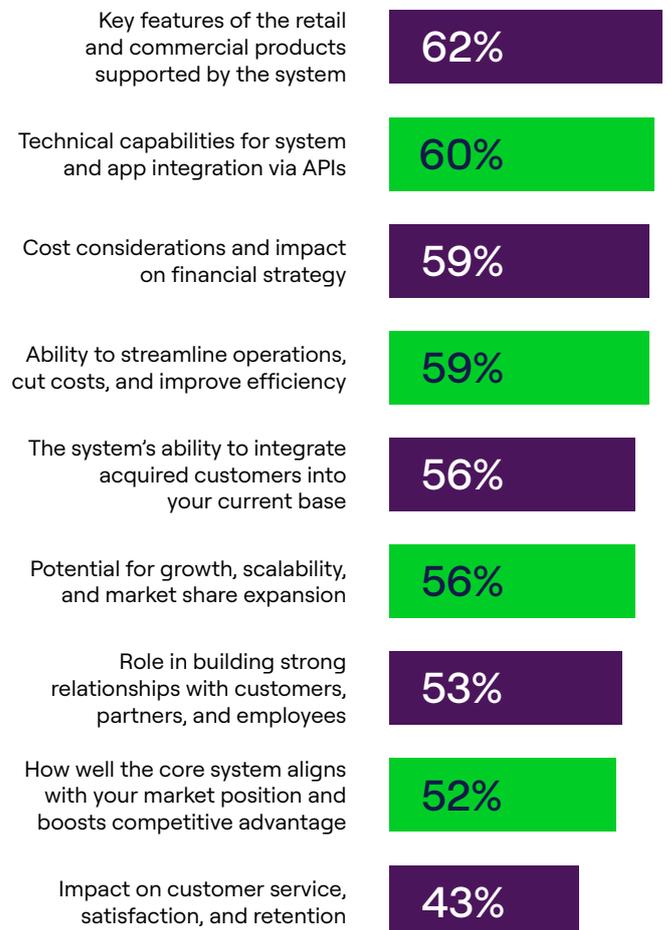
Post-merger or acquisition, would you prefer to consolidate onto a single core banking system, or maintain separate systems?



Legacy systems and incompatible technologies often stand as roadblocks to conjoining banks. But the survey shows a high degree of digital readiness: 56% of institutions claim their core system fully supports modern API integration. Yet gaps remain: 40% face limitations around API support, posing risks as M&A plans move forward.

Crucially, bank modernization isn't just about upgrading technology. It's about aligning innovation with where institutions are today. By embracing composable ecosystems, modular architecture, and plug-and-play capabilities, banks can reduce complexity, manage risk, and accelerate time to value across every phase of integration.

After an acquisition, which capabilities matter most when deciding which core system to keep?



How banks leverage technology as a catalyst for bank modernization

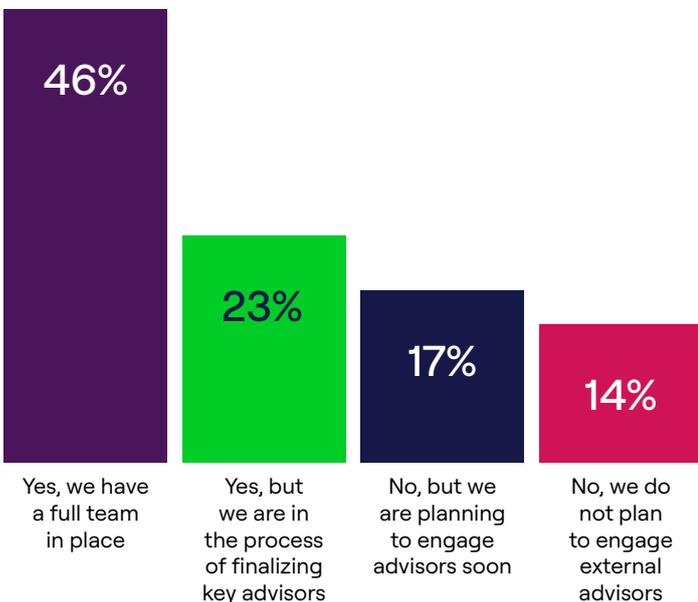
Risk management has evolved from a compliance exercise into a strategic pillar of M&A planning. Half of respondents cite financial instability as the top risk in evaluating potential deals, ahead of cultural misalignment (41%), technology challenges (37%), and regulatory concerns (35%).

Interestingly, only 19% of banks flagged economic volatility as a concern. This suggests that operational risk now overshadows macroeconomic uncertainty in M&A evaluations.

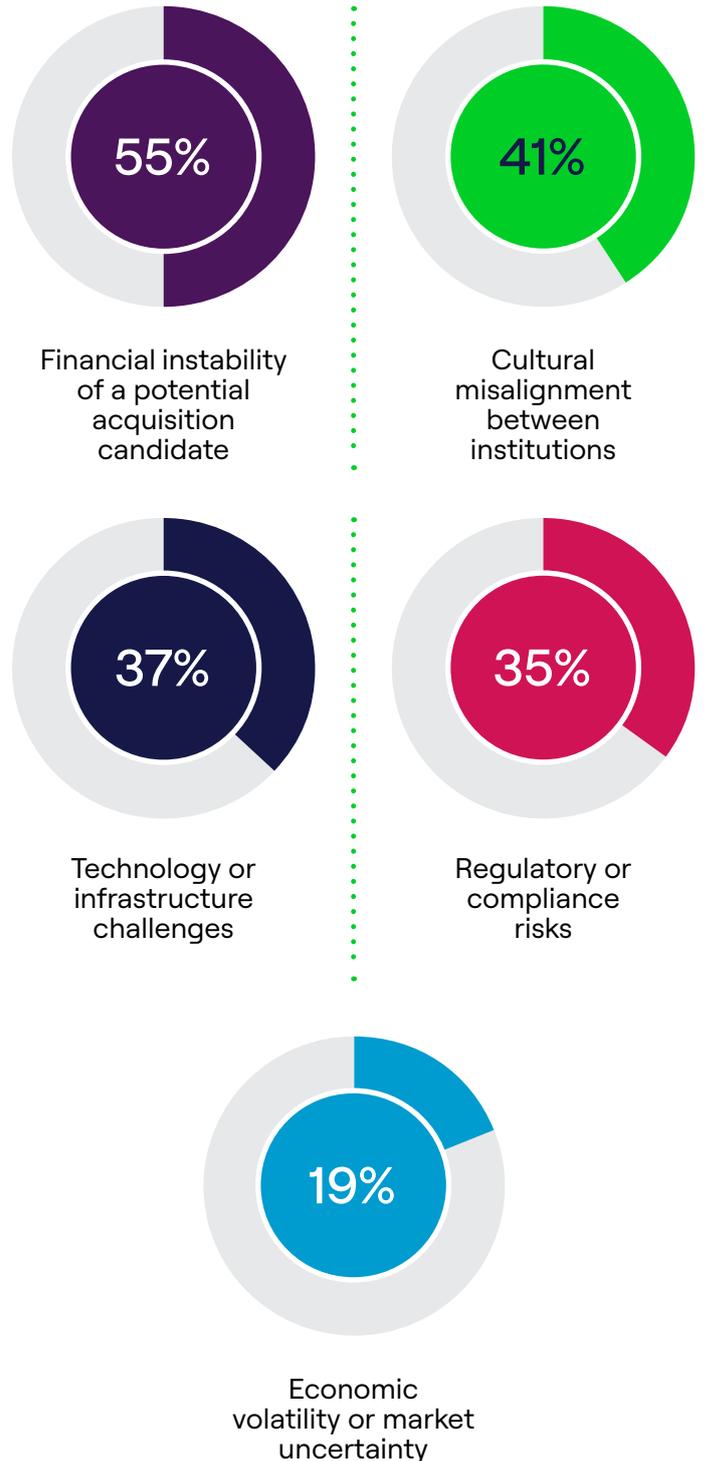
Banks that understand the importance of risk mitigation are acting accordingly. Nearly half (46%) have already engaged external M&A advisors, including consulting firms, legal counsel, and investment banks, to guide them through the process. Another 23% are in the process of finalizing those partnerships. This highlights the growing reliance on third-party expertise to navigate complex transactions.

By contrast, 14% report no plans to engage external advisors, signaling a more internally driven M&A strategy that may face future execution risks.

Have you engaged an M&A consulting firm, legal counsel, or investment bank to guide you through the process?



Have you assessed potential risks that could delay or disrupt an M&A transaction?



Spotlight insights from the front lines

What banking leaders across North America are saying about M&A and modernization:

The research maps out the trends shaping banking M&A and its potential as a catalyst for modernization.

But to truly understand the motivations, expectations, and priorities, it's valuable to hear directly from the banks shaping these deals.

Why we merge



Oklahoma, U.S.

"The biggest opportunity is investing more in digital services customers can use anywhere."

– CTO, Community Bank



Alabama, U.S.

"One major opportunity is gaining access to new customers and entering new markets."

– VP, Mortgage Lending, Community Bank

What technology can unlock



British Columbia, Canada

"By bringing services to unfamiliar regions, we unlock entirely new customer segments."

– Chief Technology Officer, Community Bank



California, U.S.

"As a bank grows, suppliers are more likely to work with us at scale and better pricing."

– COO, Regional Bank

Revenue growth and expansion



New York, U.S.

"Managing ups and downs is easier after M&A — larger scale brings greater resilience."

– CTO, Regional Bank



Illinois, U.S.

"Banks need to explore new assets that will allow them to build recurring income streams."

– Chief Risk Officer, Community Bank

Putting people first



Ontario, Canada

"When two banks blend, it kind of reduces confusion for customers and makes internal communication easier."

– Chief Operating Officer, Regional Bank



Revenue growth and expansion

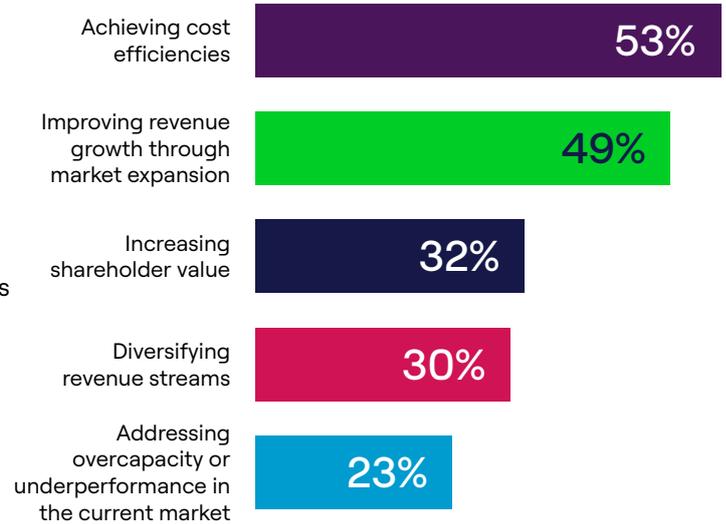
More customers post-merger unlock more opportunities, but it's scalable infrastructure and intelligent product strategy that turn that opportunity into growth. M&A can open the door to untapped territories and new market segments, enabling banks to accelerate top-line performance by expanding both scale and reach.

Nearly half of banks (49%) cite revenue growth as a primary driver of their M&A strategy. The only more influential driver is cost efficiency (53%), which signals that institutions are balancing growth with disciplined margin improvement.

Many banking leaders recognize that acquiring institutions with complementary customer bases or service lines creates an opportunity to increase share of wallet, improve product penetration, and drive stronger lifetime value.

FIS supports this growth-focused strategy through scalable platforms and integrated analytics that power cross-sell, personalization, and faster go-to-market execution.

What are the primary financial drivers for considering an M&A transaction?



“Acquiring insurance companies can give the opportunity to banks to expand their services in different regions and offer more to customers.”

– Chief Financial Officer,
Regional Bank, U.S.

Talent development and leadership

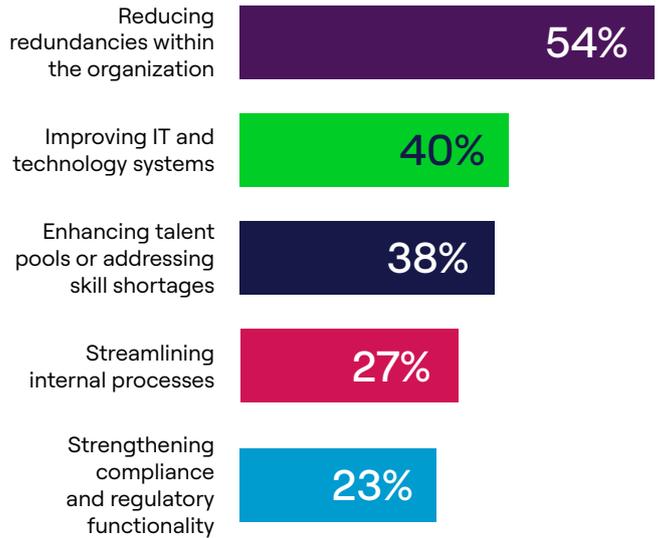
While many banks focus on the technology and financial mechanics of M&A, the most forward-looking institutions recognize that people and processes are just as critical to long-term success. A thoughtful integration strategy doesn't just streamline systems; it empowers employees to grow, lead, and adapt.

Successful mergers should replace inefficiencies with tools that support talent development, upskilling, and clearer career paths. When done right, consolidation can become a catalyst for organizational strength and agility.

More than half of banks (54%) acknowledge the need to eliminate redundancies that slow down work and frustrate teams. Meanwhile, 38% cite talent enhancement as a key integration goal, just behind IT upgrades, showing a clear push to modernize not just systems, but skill sets.

FIS embraces a human-first approach to modernization, helping banks scale growth while enabling their people to lead through change. From improved workflows to leadership readiness, we provide banks with solutions to help them succeed on every level.

What key operational inefficiencies are you hoping to address through an M&A transaction?



Our modernization mindset: Why banks choose FIS

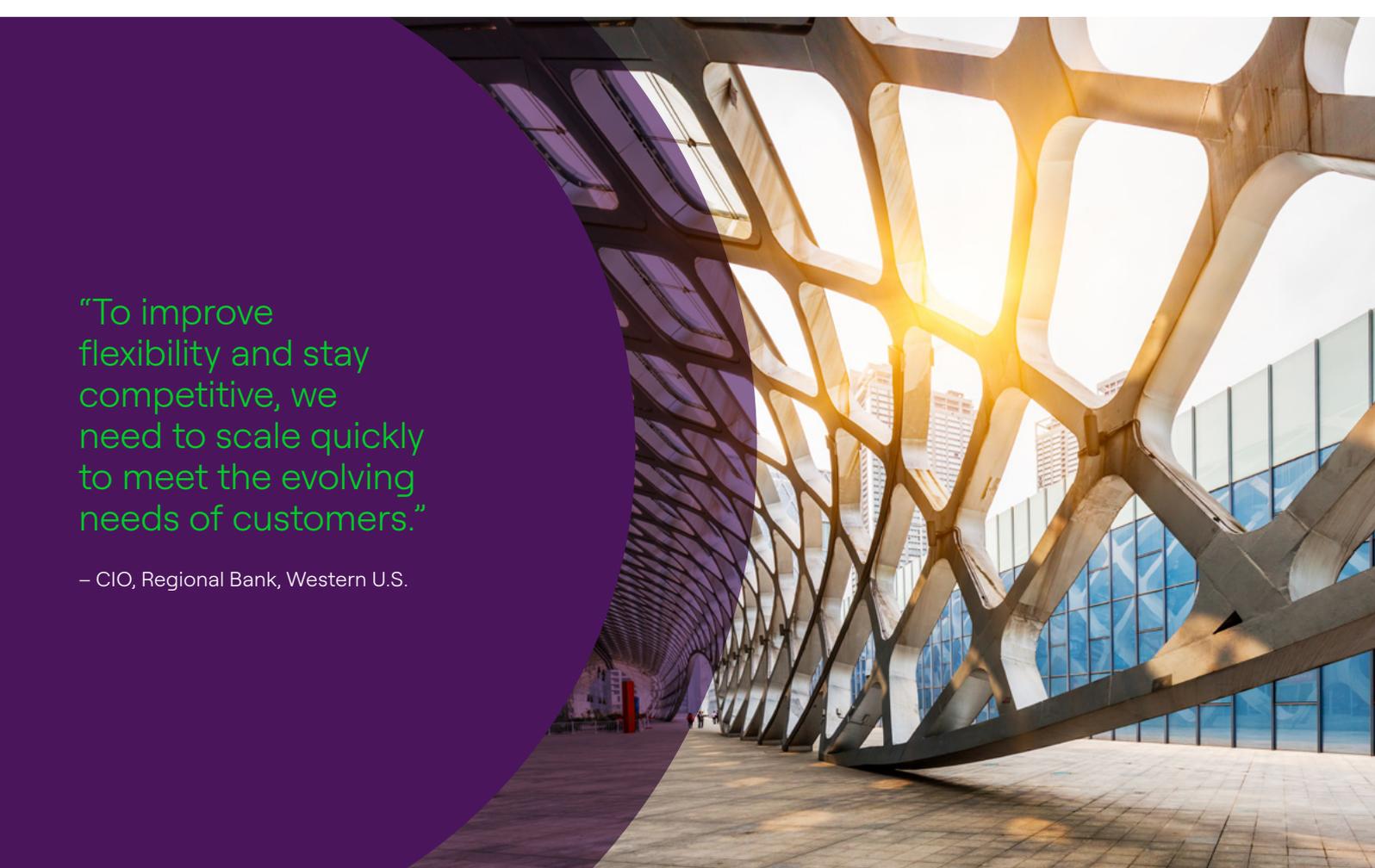
FIS doesn't just deliver technology; we deliver transformation. While others focus narrowly on core modernization, FIS moves beyond that to enable banking modernization across the entire money movement lifecycle.

Post-merger, banks benefit from FIS' established approach:

- We meet banks where they are, enabling change at their pace.
- Our composable ecosystem supports both innovation and stability.
- We bring reliable systems, deep industry expertise, and a track record of delivery.
- Modernization isn't a one-size-fits-all plan, it's a journey we take together.

FIS also accelerates operational alignment by helping banks define and execute a clear Target Operating Model (TOM).

A TOM provides the structure needed to unify systems, processes, and teams after a merger. It helps reduce conversion risk, identify redundancies, and ensure new technology supports a clearly defined future state. From digital channels to lending operations and customer interactions, FIS works with banks to align every element of the combined institution, accelerating integration and delivering measurable value from day one.



"To improve flexibility and stay competitive, we need to scale quickly to meet the evolving needs of customers."

– CIO, Regional Bank, Western U.S.

Conclusion: From opportunity to action

Across North America, banking executives from institutions with over \$1 billion in assets made one thing clear: M&A is no longer just about scale. It's about transformation.

The time to act is now. Modernization shouldn't follow the deal; it should shape it. And while banks are prepared, many recognize they can't go it alone. FIS helps banks close the gap between existing infrastructure and future-ready capabilities. We meet banks where they are, accelerate growth strategies, and deliver measurable value through every stage of integration.

Together, we fuse reliability with innovation to architect your banking future.

Modernization starts now. Let's move forward together.

BUILD YOUR BANKING FUTURE

About the survey methodology

The Exploring M&A trends and challenges in banking survey was conducted by TechStudio™, an Energize Marketing® company, in partnership with FIS. The survey targeted 300 senior-level banking executives — including CIOs, COOs, CFOs, Chief Risk Officers, and transformation leaders in lending and technology. These regional and community banking leaders represented institutions with over \$1 billion in assets. All respondents were directly involved in M&A strategy and execution.

The survey was fielded in April 2025 via email invitation and completed through an online questionnaire. The findings reflect a 95% confidence level and a margin of error of ±5.6 percentage points.

Where they are

Survey insights reflect a broad North American perspective, with respondents concentrated across the U.S. and select Canadian institutions.

Headquarters breakdown:

Midwest U.S. **(27%)**

Western U.S.¹ **(20%)**

Southeast U.S. **(20%)**

Northeast U.S. **(19%)**

Southwest U.S. **(12%)**

Canada **(1%)**

¹Western U.S. includes respondents from both West Coast and Mountain West states.

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Money in motion

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Money at work

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

About FIS

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses adapt to meet the needs of their customers by harnessing the power that comes when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index. To learn more, visit FISglobal.com. Follow FIS on LinkedIn, Facebook and X (@FISglobal).

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