

PE Hub

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FINANCIAL SERVICES

Wealth, insurance and fintech drive thriving PE-backed financial services M&A

PE Hub spoke with senior private equity dealmakers from Carlyle, Charlesbank, GTCR, Motive Partners, Stone Point Capital and Warburg Pincus about the trends driving financial services deals.

The financial services sector offers private equity a myriad of investment opportunities, including a wealth management industry tapping into the biggest wealth transfer in history. Insurance brokerage has also drawn interest, as have consolidation plays among private capital businesses themselves. Meanwhile, artificial intelligence breakthroughs offer opportunities in fintech as well as potential shake-ups of business models.

But such shake-ups also raise risks, including the threat of disintermediation. And with private equity firms leaning heavily on roll-up strategies in the sector, will dealmakers find that the old banking adage of ‘too big to fail’ is now ‘too big to sell’?

In this sector spotlight, PE Hub examines the opportunities and obstacles in financial services dealmaking today. We spoke to senior private equity dealmakers from Carlyle, Charlesbank, GTCR, Motive Partners, Stone Point Capital and Warburg Pincus.

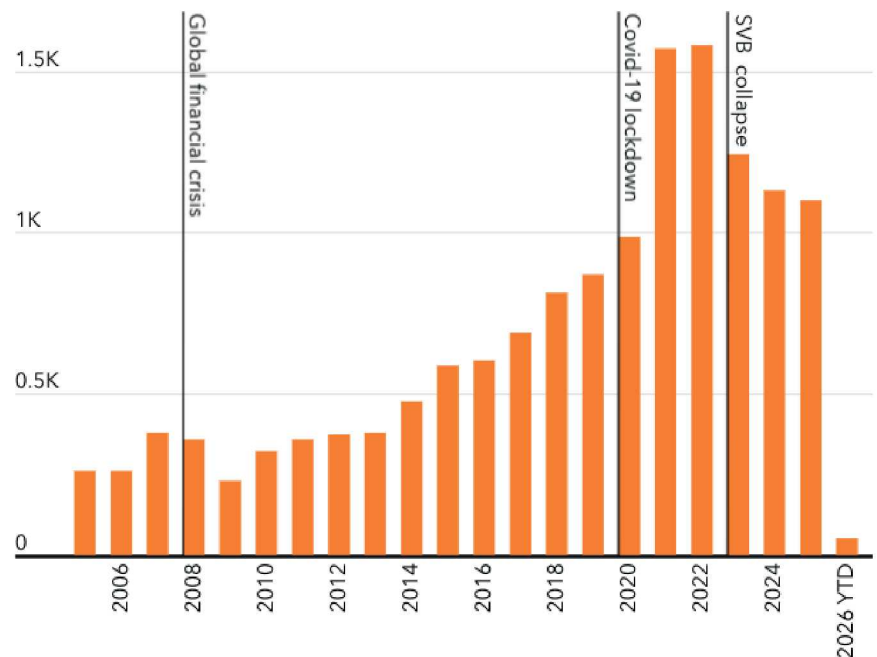
We also spoke to figures from law firms Clifford Chance and White & Case.

Big deals

Private equity and venture capital financial services deal value hit \$96.1 billion last year, the second highest value ever, according to LSEG data. While some way off the all-time record of \$131.7 billion in

GLOBAL SHIFTS ARE DRIVING M&A ACTIVITY IN FINANCIALS

Global deal volume by year (No of deals)



2021, deal value was up 28 percent year-on-year.

Big ticket items have helped propel those figures over the last few years, including Mubadala Capital’s planned \$10 billion syndicated investment in TWG Global, announced last year, and GTCR’s \$18.5 billion acquisition of Worldpay, a

payments technology company, completed in 2024.

But when speaking to senior dealmakers for this article, the real hotspot for financial services was an area more focused on smaller deals and roll-ups: wealth management.

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Succession successes

Wealth has several enticements for private equity. On top of attractive cashflow numbers – upper 90s retention rates and mid-to-upper 90s free cashflow – the wealth sector is ripe for technological advancement.

But crucially, the sector is set for a windfall: the huge generational wealth transfer set to take place in the US. Wealth transferred through to 2048 will be \$124 trillion, according to a projection by Cerulli Associates.

“I would argue that for the first time in United States history, it’s the first generation that has saved enough wealth to transfer en masse,” said Jim F Burr, co-head of global financial services at Carlyle. “Before, you had some high-net worth individuals, but the middle class wasn’t transferring as much, if anything.”

Investment opportunities come from the many spinouts from wire houses, driven by factors including succession planning, frustration with the lack of independence of product selection and advances in technology allowing wealth managers to go it alone.

That is adding to a highly fragmented market of thousands and thousands of wealth adviser platforms.

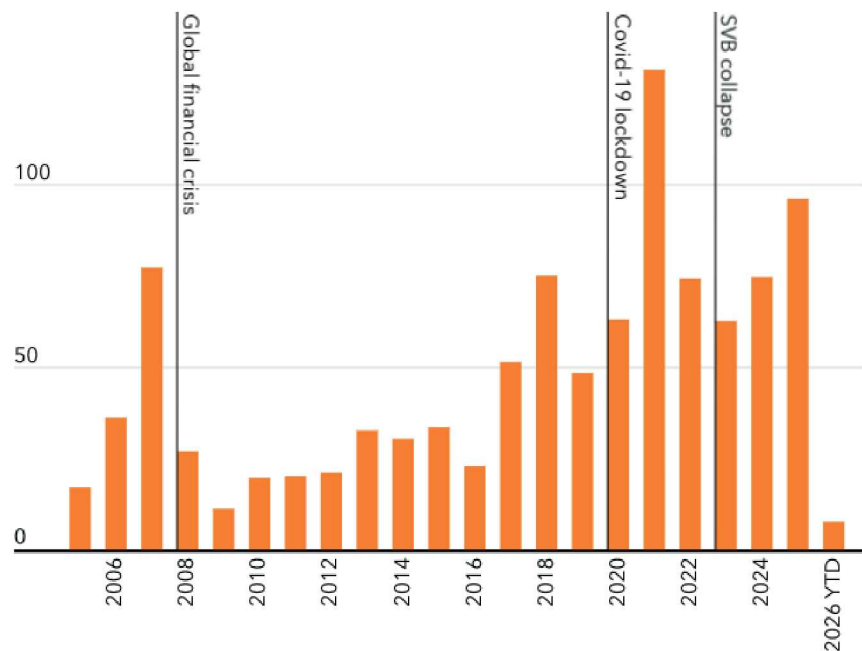
“New RIA platforms are being developed quicker than we’re consolidating,” said Burr. “So it’s fragmented, consolidating and growing. These are all great attributes.”

But that supply isn’t enough to put a lid on valuations, with the wealth success story attracting ever more suitors. That hasn’t gone unnoticed at financial services specialist Stone Point Capital, which has been investing in wealth for more than 15 years.

“The valuations in both insurance brokerage and wealth have gotten frothier as more competition comes to the space,” said co-CEO James Carey. “So it requires us to be more nimble and better on origination, staying out in front of that trend.”

GLOBAL SHIFTS ARE DRIVING M&A ACTIVITY IN FINANCIALS

Global total deal value by year (\$bn)



Graphic by Mariam Lobjanidze

Calculations are based on deal announcement dates. Deals include those with direct involvement of a financial sponsor - private equity or venture capital firm - on the acquirer side. For deals with 'Investor Group' as the acquirer, if at least one investor is a PE or VC firm (or subsidiary of one), then the deal is included. Exits are not included, unless the acquirer also falls under the financial sponsor criteria. Add-ons for portfolio companies are not included.

YTD is defined as the period from the start of the year to February 5.

Source: LSEG, data last updated on March 4, 2026.

On top of its long experience in US wealth, the firm this year announced its first wealth management investment in the UK. It is investing in Amber River, an independent wealth manager with £13.6 billion (\$18.2 billion; €15.7 billion) of assets under management and administration.

Insurance brokerage is another area that has proven fertile ground for private equity over the last few years, even if the attraction has slightly waned.

“Insurance brokerage, as a natural hedge to inflation and largely tied to non-

discretionary spending in both the US and abroad, has been a natural place for investors to allocate,” said Scott Bronner, head of credit at Stone Point. “It’s been one of, if not our most, successful end verticals. The trends for the long term are still attractive, though maybe not as attractive as they’ve been from an organic perspective over the last few years. But it’s still a very attractive end vertical and one that we remain active in across credit and private equity.”

Stone Point’s recent deals in the sector include buying OneDigital, an Atlanta-

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based insurance brokerage, financial services and workforce consulting firm, alongside CPP Investments.

Digital money

Few topics have given investors more headaches this year than sell-offs in industries deemed at risk from AI upstarts. Neither listed wealth management nor insurance brokerage companies escaped that – share prices dropped in February following news of new AI products in the sectors. Private markets have had to take notice too.

“The percentage of diligence focused on defensibility is way over 50 percent,” said Carlyle’s Burr. “I spend 70 percent of my week on AI-related conversations now, up from zero not too long ago.”

But much like how the public markets fail to see nuance during a banking crisis – more on that later – GPs felt that sell-off was overdone.

They were confident that a human touch would remain vital.

“For insurance distribution and wealth management, there is real value in talking to a person when there’s complexity,” said Stone Point’s Bronner. “During covid, robo-advisers were not going to answer the call for customers asking, ‘What are you seeing in the markets?’ The adviser is going to need to be able to operate real time, operate more efficiently, manage margins, because there may be fee compression within their business over time.

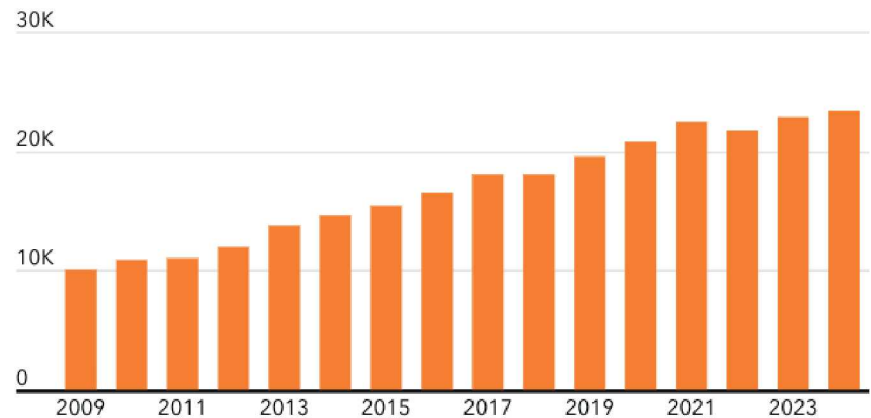
“But the idea of AI completely displacing an insurance broker, the employee benefits world or a wealth adviser? We don’t view this as likely in the near-to-immediate term.”

There is some nuance, however, given that the coming great wealth transfer will touch the middle class as well as the rich.

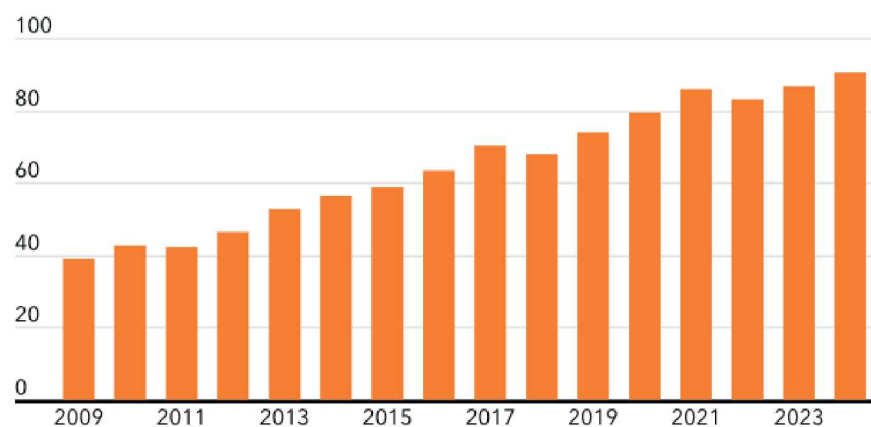
“In the high-net-worth, ultra-high-net-worth family office space – which is where we focus – the propensity to want to save on cost by moving to a more automated model with no real human interaction

HIGH-NET-WORTH POPULATION AND WEALTH HAVE RISEN STEADILY OVER THE PAST 15 YEARS

Global HNWI volume by year (No of HNWI)



Global HNWI wealth by year (\$bn)



Graphic by Mariam Lobjanidze
Source: Capgemini World Wealth Report

behind it is very, very low,” said Carlyle’s Burr. “A lot of that is about relationship, trust, empathy. Estate planning, for instance has very, very personal conversations. I don’t see that ever going to a robotic form.

“When I look at that landscape, I want to be over to the high-net-worth side as far as I can. If I’ve got a smaller amount of capital at risk, I’m probably quite comfortable with a robo-adviser. If I’ve

got a much larger amount at risk, that’s probably worth the extra fee for a human.”

Similar nuances exist in insurance.

“On commodity personal lines there’s going to be a lot of AI disintermediation,” said Stone Point’s Carey. “In very complex risks, that’s a lot harder. In the near term, complexity is our friend in terms of leveraging AI for efficiency as opposed to AI disintermediating. You’ll find the

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same thing in wealth and a number of the sectors that we play in.”

Data hygiene

Overall, GPs saw AI as positive for both wealth management and insurance brokerage, offering opportunities like improved efficiency. But it is changing how firms approach the classic buy-and-build strategy. Ensuring these companies and their data are fully integrated will be key.

“If I can hold that data as one source of truth, the increase in the throughput is incalculable,” said Carlyle’s Burr. “You go from unusable to a superpower. In financial services, we expect the output from AI to be explosive in the next several years. We’ve really leaned in heavy today with the view that the capabilities will get a lot better and more cost effective.”

Specialization and differentiation will also become increasingly important in this new landscape.

“In a rapidly evolving AI landscape, businesses with truly differentiated data assets or network effects are becoming increasingly valuable,” said Aaron Cohen, head of financial services and technology at GTCR. “Scarce data, scaled distribution and embedded positions within financial ecosystems create advantages that are difficult to replicate. Those characteristics are key focuses for us when evaluating opportunities.”

That also holds true for wealth management businesses more generally.

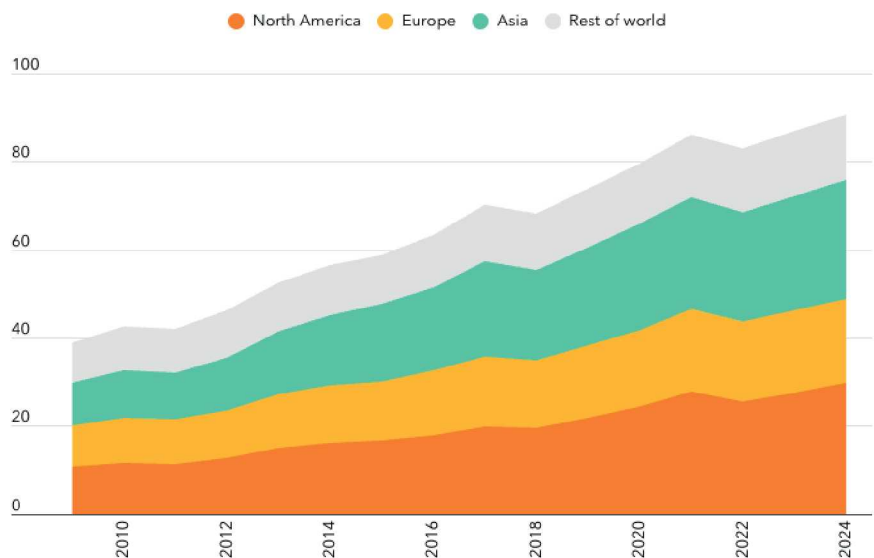
“Specialization will be increasingly important,” said David Katz, managing director, Charlesbank. “The idea of being everything to everyone will be harder – firms that have a unique value proposition are going to win in the long run. Firms that haven’t yet figured one out need to find a lane or risk falling behind.”

Looking further ahead, AI could upend the sector in even more dynamic ways.

“The future of financial services is democratization and hyper-personalization,” said Rob Heyvaert, founder and managing partner of Motive

NORTH AMERICA REMAINS THE LARGEST SOURCE OF HIGH-NET-WORTH WEALTH

HNWI wealth by region (\$bn)



Graphic by Mariam Lobjanidze
Source: Capgemini World Wealth Report



Rob Heyvaert, Motive Partners

Partners. “It’s about understanding what an individual needs from their financial institution and not having to conform to an existing one-size-fits-all customer framework.

“The plumbing behind democratization and hyper-personalization – that’s what

needs reformation. That’s what needs to be automated and digitally delivered.”

Too big to sell?

So, all positive in the world of wealth management and insurance brokerage? Not quite. Sometimes you can have too much of a good thing.

“Some of these businesses have gotten to a scale that your exit options become more limited,” said Stone Point’s Carey. “You have antitrust issues, you have scale issues. If you have a \$30 or \$40 billion insurance brokerage business, for even the largest private equity firms that’s a hard thing to write a check for. You wind up looking at either the public market or a new generation of permanent holdings where you privately transition ownership over a long period of time and you pay dividends.”

The public markets are a good fit for big insurance brokers, as they have plenty of comparables. But that isn’t the case for

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wealth managers, which have not reached such scale.

“That’s going to be part of the evolution of, particularly, the US wealth market,” said Carlyle’s Burr. “They will be well received. There’s probably four or five platforms that are steadily marching towards the size where that’s going to be the exit for them. The negative is that revenue is a percentage of AUM, but the beta tends to be 0.6-ish industry-wide. It’s not as volatile as you might think. And with those organic growth profiles, you grow through market volatility quickly.”

In Europe, however, GPs must look for different exit options.

“On the continent, the IPO route is often less viable compared to the UK or the US,” said Jörg Rhiel, co-head of corporate, Germany, at Clifford Chance. “You may be constrained, even though quite a few of the processes are being run as dual track processes. Transaction sizes in the UK may be a bit bigger, but on the continent once you hit a €3 billion or so purchase price ceiling, suddenly you are somewhat limited as regards potential buyers.”

The option of using sovereign wealth funds as co-investors outlined by Stone Point’s Carey could also be problematic in the near term.

“We’re seeing an increased trend around direct LP co-investments to help bridge that equity gap,” said Shimin Lee, a London-based partner at Clifford Chance. “But a lot of these LPs are in the Middle East, where the situation is evolving rapidly and it is too early to determine the full outcome.”

Other options include so-called private IPOs, although this again highlights a difference between the US and Europe.

Lee answered: “We’ve had many inbounds asking, ‘what exactly is a private IPO and how do we do it?’ The short answer is they’re basically fixed liquidity windows for transfers of minority stakes. There’s a universe around this in the US that doesn’t exist so much in London or

Europe.”

Banking out

Dealmakers have instead found another option for selling wealth managers in Europe – selling them back to the banks. That was the approach taken by Permira and Warburg Pincus when they agreed to sell London-based Evelyn Partners to NatWest in February at an enterprise value of £2.7 billion.

That option has become more viable as banks nationalized during the financial crisis have moved from public ownership, including NatWest.

“If a bank has excess balance sheet capacity, that excess could become inefficient quickly if not deployed effectively,” said Hyder Jumabhoy, a London-based partner at White & Case. “Finding the right asset, at the right price, provides a viable option for deploying that capacity.

But that might not fit in the US.

“It’s a great model at some large institutional banks,” said Carlyle’s Burr. “But an RIA isn’t built like a division of a large bank, so there would have to be real consideration as to bringing a scaled RIA into that culture.”

In addition, the multiple at which wealth management transacts versus a bank means an acquisition is dilutive, whereas it’s accretive to spin one out.

Banking on turbulence

In some sub-sectors, size is less of an issue. Chunky deals have maintained their pace in 2026, including GTCR’s completion of its sale of Worldpay to Global Payments in January for \$24.25 billion.

Turbulent times for markets – like AI fears this year – also offer up buying opportunities in financial services.

Uncertain and dynamic market environments “often create attractive public-to-private and carve-out opportunities,” said GTCR’s Cohen. “We’ve seen that in situations like Worldpay, Tranzact and AssetMark, where

complexity or dislocation allowed us to apply our leaders strategy and partner with strong executives to reposition and build more focused, scaled platforms.

“Volatility can create windows where long-term ownership and operational focus become a meaningful competitive advantage.”

Tranzact is an insurance distribution company and AssetMark is a wealth management tech platform for financial advisers.

In the banking sector, that means entry points for private equity can be rare but lucrative. Warburg Pincus was “incredibly busy” in the aftermath of 2008, for instance, said Jeff Stein, head of the firm’s US financial services group.

“Every other week you’d get a call from a bank that needed capital in three weeks or they were going to go under.”

While Warburg never got comfortable with any of those opportunities, it did take a look at the assets – then as the crisis calmed in 2009, it made three bank investments: Webster, National Penn and Sterling Bank.

That gave it experience for the next time a bank crisis came along – the collapse of Silicon Valley Bank in 2023. Later that year, the firm invested \$400 million alongside Centerbridge Partners in the soon-to-be-merged Banc of California and PacWest, a deal that closed in November that year.

“PacWest was also in the news. But in our view, there were just a lot of superficial similarities with Silicon Valley Bank,” said Stein. “They were both in California. It did have a bit of a venture deposit book. But when you look at the quality of that bank and the balance sheet and the franchise and the relationships with its lenders, you saw that this was actually a really healthy bank that was just getting caught in the crosshairs.

“Yes, it could benefit from some capital, but it didn’t nearly have the same issues.”

Private equity has an advantage over the public markets at such times of stress

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LARGEST PE FINANCIAL SERVICES DEALS

Status	Announced	Target	Target Nation	Acquiror	Value (\$bn)
Completed	April 2, 2007	First Data	US	KKR	27.0
Completed	July 6, 2023	Worldpay	US	GTCR	14.4
Completed	June 8, 2018	Ant Small & Micro	China (Mainland)	Investor Group	14.0
Completed	February 20, 2024	Truist Insurance	US	Stone Point-, CD&R-led investment group	12.6
Pending	April 30, 2025	TWG Global	US	Mubadala-led investor group	10.0
Completed	December 16, 2013	KKR Financial Holdings	US	KKR	8.2
Completed	April 3, 2006	General Motors Acceptance	US	FIM	7.9
Completed	March 8, 2021	Athene Holding	US	Apollo	7.7
Completed	March 16, 2022	Baring Private Equity Asia	Hong Kong	EQT	7.6
Completed	October 10, 2007	Resolution	UK	Sun Capital	7.5
Pending	October 30, 2025	Convex Group	UK	Onex	7.0
Completed	September 12, 2018	Sedgwick Claims Management Services	US	Carlyle	6.7
Completed	November 17, 2021	China Huarong Asset Management	China (Mainland)	Investor Group	6.6
Completed	February 2, 2023	Focus Financial Partners	US	CD&R	6.5
Completed	June 20, 2007	Nuveen Investments	US	Windy City Acquisition	6.2
Completed	April 1, 2024	Nuvei	Canada	Advent	6.2
Completed	November 25, 2024	CI Financial	Canada	Mubadala Capital	6.1
Completed	May 22, 2024	Hargreaves Lansdown	UK	CVC	6.0

Deals include those with direct involvement of a financial sponsor - private equity or venture capital firm - on the acquiror side. For deals with 'Investor Group' as the acquiror, if at least one investor is a PE or VC firm (or subsidiary of one), then the deal is included. Exits are not included, unless the acquiror also falls under the financial sponsor criteria. Add-ons for portfolio companies are not included.

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by being able to go through balance sheets loan by loan and understand the details on any issues, how widespread they are and whether any particular portfolio is more at risk than the rest of the bank, said Stein.

When investors get it right, these banks are changing hands for large values. Lone Star agreed in June to sell its stake in Novo Banco to BPCE, in a deal that values the bank at an estimated €6.4 billion, for instance.

Banking exits providing a rare bright spot in the European IPO markets, such as when BC Partners and Pollen Street Capital in October listed UK challenger bank Shawbrook on the London Stock Exchange at a market capitalization of around £1.92 billion. That generated an implied multiple on invested capital of at least 2x, according to a source familiar with the transaction.

A month earlier, Nordic Capital listed specialist bank Noba on NASDAQ Stockholm at a market cap of around SKr35 billion (\$3.7 billion; €3.2 billion).

Credit where it's due

Buying banks isn't the only way that

private equity firms can get into the lending game. One of the biggest trends in private capital in recent years has been consolidation – a topic in PEI Group's Private Markets 2030 series.

Indeed, mergers and acquisitions activity at the GP level, including both majority- and minority-stake sales, hit record levels last year.

There were 164 private markets GP transactions in 2025, a big rise from 117 the year before, according to Campbell Lutyens' 2025 Private Markets GP M&A Snapshot. Of the 2025 total, around 43 percent involved the acquisition of a majority stake.

M&A deals involving private credit managers led the way with 58 transactions.

On top of deals for private credit firms like CVC's agreed deal for private and public credit firm Marathon Asset Management of up to \$1.2 billion, private equity firms have been adding other alternatives offerings, such as EQT's announcement of an up to \$3.7 billion acquisition of secondaries firm Collier Capital.

Listed private credit firms have suffered

a sell-off this year in part because of their lending to the software companies that have come under AI-related scrutiny. As with the Silicon Valley Bank collapse and the global financial crisis, such herd mentality in the public market could mean some bargains for discerning private equity firms.

And with GPs like Hg announcing what it called its first "AI-driven exit" with the sale of treasury management software provider GTreasury, it seems that AI will offer more opportunities in financial services and fintech than dangers.

Meanwhile, the US Federal Deposit Insurance Corporation in March approved the rescission of its 2009 Statement of Policy on the Qualifications for Failed Bank Acquisitions, effectively encouraging the participation of private equity firms and other private investors in the acquisition of failed banks.

Private equity has a habit of making the best of a crisis – this year looks like it could happen again.

Additional reporting by Rafael Canton and Nina Lindholm