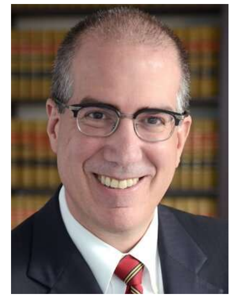
How Bank M&A Prospects Brightened In 2025

By **Robert Azarow and Amber Hay** (January 5, 2026)



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This may be the best regulatory environment for banks to engage in meaningful, strategic mergers and acquisitions activity in the past 20 years.

At the beginning of 2025, the Trump administration was expected to bring a deregulatory focus to the oversight and regulation of banks. As the year 2025 commenced, the banking agencies as well as the hopeful nominees to lead the agencies began releasing public statements communicating their intent to reshape and reframe supervision and regulation of banks, as well as reevaluate their approach to bank supervision and regulation, including how they would approach bank M&A and be more welcoming to de novo bank charters.

Macroeconomic conditions in 2025 presented business challenges to bank M&A,[1] including inflation, high interest rates, geopolitical strife and congressional standstills with the U.S. experiencing its longest government shutdown in its history in the fourth quarter of 2025.[2]

Nevertheless, the regulatory landscape for bank M&A has been eased, with regulators focused on reducing burdens associated with seeking federal approval for such transactions.

Other changes to the supervision of banks generally, including changes to the standards for being considered "well managed" under the large financial institution rating system for large banking organizations, as well as a supervisory shift away from focusing on procedural or general policy-related concerns and greater focus on issues related to core financial risks, have resulted in more banks being eligible to engage in expansionary activities.

Accordingly, we have seen a marked increase in banks pursuing long-term growth strategies such as mergers of equals and large strategic acquisitions, including among U.S. regional banks, substantial branch acquisitions, and other asset deals including acquisitions of wealth management-related business lines.

Early Actions of the Agencies to Set the Foundation for Increased Bank M&A

Consistent with the priorities of the Trump administration, the leadership at the agencies communicated their intentions with respect to reframing and reshaping the supervisory and regulatory framework for banks, including but not limited to, reducing regulatory burden associated with procedural and policy initiatives that in some instances are driven by political interests, and reducing inefficiency in supervision and refocusing the resources of the agencies to matters that pose core financial risks.

Agency leadership has also taken aim at the statements of policy related to bank M&A adopted by the Federal Deposit Insurance Corp. and Office of the Comptroller of the Currency under the Biden administration in September 2024.

FDIC

In one of his first press releases, acting Chairman of the FDIC Travis Hill noted among his priorities for the agency was "[i]mprov[ing] the bank merger approval process and replac[ing] the 2024 Statement of Policy to ensure that merger transactions that satisfy the Bank Merger Act are approved in a timely way."[3]

Consistent with those statements, in May 2025, the FDIC rescinded its 2024 "Statement of Policy on Bank Merger Transactions" and reinstated, on an interim basis, the merger policy statement that was in effect prior to 2024 pending the agency's broader reevaluation of its bank merger review process.

OCC

Similarly, the OCC issued an interim final rule to rescind its 2024 bank merger transactions policy statement and related rule changes to restore the streamlined application and expedited review in the OCC's regulations for applications subject to the approval of the OCC under the Bank Merger Act.

Federal Reserve

The Fed did not adopt a new policy statement or make any public statements regarding changes in its approach to reviewing proposals subject to the agency's review under the Bank Holding Company Act, the Home Owners' Loan Act in the case of bank holding companies and savings and loan holding companies, or the Bank Merger Act in the case of state member banks.

However, to the benefit of the industry and in the interest of increasing transparency around the agency's approach to bank M&A review, in April 2024, Michelle Bowman, the current vice chair for supervision of the Fed, communicated the need to "improve the speed and timeliness of regulatory decisionmaking, applying review standards that are reasonable and consistent with the statutory framework" in the interest of lessening the uncertainty and inefficiency around the bank M&A process.[4]

Bowman has also noted that the M&A process should not be turned into "regulation by application," and that conditions and commitments to M&A approvals should be "squarely grounded in statutory approval requirements or based on safety and soundness considerations."[5]

CFPB

The director of the Consumer Financial Protection Bureau sits on the board of the FDIC, and thus has a role in bank merger review subject to the approval of the FDIC in addition to the agency's consultation with the CFPB for purposes of evaluating the convenience and needs factor.

The prior director of the CFPB took an active role in the reform of bank M&A review.[6]

However, the CFPB, under the direction of an acting director, has stepped back from its prior efforts to influence the overall regulation and supervision of banks and may ultimately be shut down or at a minimum be stripped it of its responsibilities.[7]

Results of Changes in Regulatory and Supervisory Approach

The early statements of the agencies and revocation of guidelines were followed up by more concrete actions.

Following the confirmation of the leadership at each of the federal banking agencies (with the exception of the FDIC and CFPB, which continue to be led by an acting chairman and acting director, respectively), the agencies have taken actions that have led to more streamlined review and faster action on bank M&A transactions that meet the following statutory factors for application review:

- Competitive effects;
- Financial and managerial resources, and future prospects of the existing and proposed institutions;
- Convenience and needs of the communities to be served, including the performance records of the institutions under the Community Reinvestment Act;
- The risk to the stability of the U.S. banking or financial system; and
- The effectiveness of any involved insured depository institution in combatting money laundering activities, including in overseas branches.

With a supportive regulatory approach and the prioritizing of regulatory efficiency in bank M&A review, bank M&A activity has been among its highest in the past few years — even with less-than-ideal macroeconomic conditions.

In the first quarter of 2025 alone, there were 34 bank deals announced worth a combined $1.61 billion, which has been reported as the highest first-quarter total by aggregate deal value since 2021.[8]

Additionally, the time for obtaining regulatory approval has significantly improved, with it being reported that bank merger approval rates have hit a 35-year high, with the average time to obtain regulatory approval for a deal following announcement being four months — the shortest since 1990.[9]

The Fed approved 14 deals in 2025, in addition to several other deals that were approved on a delegated basis by various reserve banks where the transactions did not trigger review or approval by the Federal Reserve Board.[10]

The FDIC approved approximately 83 transactions of the 119 applications that it accepted for processing in 2025,[11] and it also approved deposit insurance applications for five de novo banks of the 21 de novo bank applications that it accepted for processing in 2025.[12]

Additionally, based on the most recent data, released Nov. 2, approximately 150 bank mergers with an aggregated deal value of approximately $45 billion closed in 2025, putting it on pace to be the industry's busiest year since 2021.[13] Among the deals closed or announced in 2025, seven involved one or more institutions with greater than $50 billion in total consolidated assets.[14]

Of those deals, six involve institutions with or that will result in greater than $100 billion in total consolidated assets, four of which have, or will upon closing, result in institutions with greater than $250 billion in total consolidated assets.[15]

Unlike prior years when crossing one of the milestone asset thresholds of $50 billion, $100 billion, $250 billion, etc., would be a disincentive to a deal, for among other reasons, the greater scrutiny and longer processing times expected with such, the changes in bank review has allowed for proposals above these thresholds to be processed in time frames consistent with other proposals for smaller deals, provided that the proposal is found to meet the statutory requirements and not otherwise raise significant legal issues.[16]

The change in approach to bank regulation and supervision by the federal banking agencies has resulted in a renewed interest in de novo bank charters, including nontraditional charters such as the national trust bank charter.

Leadership at the agencies have made statements in support of de novo charters. Furthermore, following statements by leadership of the OCC supporting cryptocurrency-related activities and clarifying the availability of national bank charters for crypto firms that provide custody and related services, several firms, including cryptocurrency firms that operate through state no-depository trust company charters, have sought approval for a national bank or national trust bank charter.

The OCC issued a conditional approval for a de novo national bank charter to Erebor Bank, an organization with a digital assets focus, in October,[17] and the FDIC recently approved the federal deposit insurance application of the organization.[18]

The OCC has also conditionally approved five national trust bank charters, two of which are for de novo charters and three of which are for conversions from a state trust company to a national trust bank.[19]

With the enactment of the Genius Act in 2025, which establishes a framework for payment stablecoin issuers,[20] and work toward evolving the Fed's master account, including with a potential "skinny master account," it is anticipated that more firms will continue to pursue federal bank charters.[21]

Trends and Key Takeaways

Bank M&A had a strong start in 2025 and continued to trend upward notwithstanding less than ideal macroeconomic conditions. While the federal banking regulators have taken actions to improve the efficiency of the bank M&A approval process, which has resulted in faster approvals, proposals must still meet the statutory criteria for approval.

While the average approval time has reduced to four months, some proposals remain outstanding or are approved beyond that time frame, suggesting that the regulators are not approving any and all transactions at such a pace, but rather those that clearly meet statutory factors and do not raise supervisory or legal issues.

The general rule of thumb seems to be that larger deals and mergers of equals take a little longer as they involve more regulatory issues to work through. That said, even large deal applications are moving through the agencies at a much faster pace than was the case under previous administrations, including the first Trump administration.

Review of public information regarding transactions that have been approved or announced this year reveals the following trends.

Macroeconomic conditions have posed hurdles to robust dealmaking, but nonetheless, the majority of bank M&A transactions that were approved or announced in 2025 have been along the lines of strategic acquisitions that will position firms for long-term growth, including acquisitions related to expanding banking operations; mergers of equals, including among large regional banks; advancements in technology and financial innovation (including investments in financial technology companies); and acquisitions involving expansion of bank-related services, including payment processing, wealth management and investment advisory services.

Regulators have shown willingness to approve transactions that involve a target with supervisory issues, provided that there is a plan for remediation of such concerns and the resultant organization remains strong.

Applications for deals involving large regional banks, i.e., large banks below the global systemically important bank level, are not automatically being sidelined or subject to additional processing delays due to size alone, but are being processed in similar time frames as smaller deals to the extent the proposals meet the statutory requirements and do not pose any significant legal or supervisory issues.

Federal banking regulators' continued shift in supervision of banks to focus less on procedural and policy-specific concerns and focus more on core financial risks is allowing more banking organizations to be eligible for bank M&A transactions.

Greater transparency by the federal banking regulators in the approach to reviewing bank M&A, and the focus on statutory factors rather than general policy initiatives, has resulted in less uncertainty for the industry on the timing and approval odds for bank M&A.

Statements by the federal banking regulators encouraging de novo charters and financial innovation, including in the digital asset space, have resulted in a resurgence of interest in federal charters, such as the national trust bank charter.

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[1] Cherry Bekaert, M&A Activity in the U.S. Bank Sector: Challenges and Opportunities Abound, https://www.cbh.com/insights/reports/bank-ma-trends-and-2025-outlook/.

[2]Megan Lebowitz and Joe Murphy, Government shutdown key dates: What happened and what's happening, day by day, NBC News (Oct. 2, 2025), https://www.nbcnews.com/data-graphics/government-shutdown-key-dates-social-security-wic-smithsonian-museums-rcna235198 (last updated November 13, 2025).

[3] Statement from Acting Chairman Travis Hill (Jan. 21, 2025),https://www.fdic.gov/news/press-releases/2025/statement-acting-chairman-travis-hill.

[4] Speech by Governor Michelle W. Bowman on Bank Mergers and Acquisitions, and De Novo Bank Formation: Implications for the Future of the Banking System (Apr. 2, 2024), https://www.federalreserve.gov/newsevents/speech/bowman20240402a.htm.

[5] Id.

[6] See e.g., Statement of CFPB Director Rohit Chopra, Member, FDIC Board of Directors, on Actions to Strengthen Bank Merger Review (Sep. 17, 2024),https://www.consumerfinance.gov/about-us/newsroom/statement-of-cfpb-director-rohit-chopra-member-fdic-board-of-directors-on-actions-to-strengthen-bank-merger-review/.

[7] See, e.g., Joe Hernandez, The Trump administration has stopped work at the CFB. Here's what the agency does, NPR (Feb 10, 2025), available at: https://www.npr.org/2025/02/10/nx-s1-5292123/the-trump-administration-has-stopped-work-at-the-cfpb-heres-what-the-agency-does; Michael Sainato, Trump administration moves again to dismantle top US consumer watchdog The Guardian (November 11, 2025), available at: https://www.theguardian.com/us-news/2025/nov/11/trump-dismantle-top-consumer-watchdog.

[8] Cherry Bekaert, M&A Activity in the U.S. Bank Sector: Challenges and Opportunities Abound (June 16, 2025), https://www.cbh.com/insights/reports/bank-ma-trends-and-2025-outlook/.

[9] Report: Average bank merger approval window shrinks to four months ABA Banking Journal (Nov. 3, 2025) (citing to the Financial Times) https://bankingjournal.aba.com/2025/11/report-average-bank-merger-approval-window-shrinks-to-four-months/.

[10] E.g., Atlantic Union Bankshares Corporation, Glen Allen, Virginia's application to acquire Sandy Spring Bancorp, Inc. and Sandy Spring Bank, both of Olney, Maryland, and for the merger of the banks was approved on January 13, 2025 under delegated authority of the Federal Reserve Bank of Richmond. See Federal Reserve's Press Release, H.2 Actions of the Board, Its Staff, and the Federal Reserve Banks; Applications and Reports Received, https://www.federalreserve.gov/releases/h2.

[11] FDIC, Bank Application Actions (Dec. 9, 2025), https://www.fdic.gov/regulations/applications/rmsbankapp/result.html?start_date=01%2F01%2F2025&end_date=12%2F7%2F2025&date_range_type=1&applicant_name=&ddlstate=&applTypes_hidden=17&applTypes_desc_hidden=Merger+-+Regular&cert=&action_desc_hidden=.

[12] FDIC, Bank Application Actions (Dec. 9, 2025), https://www.fdic.gov/regulations/applications/rmsbankapp/result.html?start_date=01%2F01%2F2025&end_date=12%2F7%2F2025&date_range_type=1&applicant_name=&ddlstate=&applTypes_hidden=7&applTypes_desc_hidden=Deposit+Insurance+-+New+Bank&cert=&action_desc_hidden=.

[13] PYMNTS, Bank Merger Approval Rates Hit 35- Year High, (Nov. 2, 2025),https://www.pymnts.com/bank-regulation/2025/bank-merger-approval-rates-hit-35-year-high/.

[14] The identified transactions are: (1) The PNC Financial Services Group, Inc.'s proposed acquisition of FirstBank Holding Company; (2) Capital One Financial Corporation's acquisition of Discover Financial Services, Inc., (3) Huntington Bancshares Incorporated's proposed acquisition of Cadence Bank, (4) Huntington Bancshares Incorporated acquisition of Veritex Holdings, Inc., (5) Fifth Third Bank's proposed acquisition of Comerica Incorporated, (6) Pinnacle Financial Partners' proposed acquisition of Synovus Financial Corp., and (7) Columbia Banking System, Inc.'s acquisition of Pacific Premier Bancorp.

[15] Capital One's $35.5 billion acquisition of Discover Financial Services resulted in the eighth largest U.S. bank, based on total consolidated assets, and Huntington BancShares' acquisition of Veritex Holdings Inc., which resulted in a banking organization in the top twenty of U.S. banks with a combined value of $223 billion in total consolidated assets. Among the deals that have been announced are PNC's proposed acquisition of FirstBank and Fifth Third's proposed acquisition of Comerica Bank. The Federal Reserve approved PNC's application on December 11, 2025.

[16] See e.g., Huntington BancShares announced its deal to acquire Veritex Holdings, Inc. by merger on July 14, 2025, and the transaction closed on October 20, 2025 following the receipt of all required regulatory approvals. https://ir.huntington.com/news-presentations/press-releases/detail/932/huntington-bancshares-incorporated-announces-acquisition-of-veritex-and-provides-preliminary-2025-second-quarter-results; https://ir.huntington.com/news-presentations/press-releases/detail/948/huntington-bank-completes-merger-with-veritex-deepening-commitment-to-texas.

[17] See, OCC Announces Conditional Approval for Chartering Erebor Bank, News Release 2025-101, (Oct. 15, 2025).

[18] Press release, FDIC Approves the Deposit Insurance Application for Erebor Bank, N.A., Columbus, Ohio (Dec. 16, 2025).

[19] See, OCC Announces Conditional Approvals for Five National Trust Bank Charter Applications, News Release 2025-125 (Dec. 12, 2025).

[20] Guiding and Establishing National Innovation for U.S. Stablecoins Act, 139 Stat. 419, Pub. Law No. 119-27 (July 18, 2025).

[21] Speech, Federal Reserve Board Governor Christopher J. Waller "Embracing New Technologies and Players in Payments," (October 21, 2025) at the Payments Innovation Conference.