

WINDSOR DRAKE

Fintech M&A Activity: Q2 2026

MAY 2026

Windsor Drake · Market Intelligence

Fewer Deals, Larger Checks

The market has decisively shifted from deal count to deal value.

- 2025 fintech M&A reached **\$55.4B across 840 deals**, up about 24% in value on flat volume.
- Q1 2026 recorded **199 deals**, down 26% on the prior quarter and a six-quarter low.
- Average value per transaction is rising as capital concentrates.
- Buyers are paying up for scale and capability, not breadth of activity.

A Barbell Market

Activity is concentrating at the two ends, hollowing the middle.

- High-volume capability tuck-ins anchor one end of the distribution.
- A small number of transformational megadeals anchor the other.
- McKinsey characterises 2026 dealmaking as smaller and more strategic.
- Mid-sized assets (\$100M to \$1B) face the thinnest buyer pool.

The Return of Scale

Megadeals are once again defining the top of the market.

- **Global Payments / Worldpay** (\$24.25B) closed in January 2026.
- Global M&A saw 51 deals above \$10B in 2025, the most since 2021.
- Payments consolidation is the clearest expression of the scale imperative.
- Mid-market players increasingly face a consolidate-or-be-acquired choice.

Strategic Buyers Dominate

The strategic sale has become the default fintech exit route.

- Strategic acquisitions accounted for about **78%** of fintech exits (PitchBook).
- That share is up roughly 23 points on 2024.
- Traditional FIs and payment networks lead the buyer field.
- Private equity is active in parallel through take-privates.

Capability Acquisition

Buyers are acquiring technology and talent, not just customers.

- McKinsey expects 2026 fintech M&A to centre on fraud, identity and embedded finance.
- **Capital One / Brex** (\$5.15B) is the template: an AI-native capability buy.
- The build cycle for agentic AI is too slow; incumbents are buying instead.
- Proven, governed AI now reads as core infrastructure for acquirers.

Scale Consolidation

Commoditised segments are consolidating to defend margin.

- Take-rate erosion in payments is forcing volume aggregation.
- The Worldpay transaction paired with the FIS Issuer Solutions realignment.
- Scale is now the primary survival mechanism in merchant acquiring.
- Networks and processors are the most acquisitive strategic buyers.

Private Capital Pressure

Record dry powder is pushing sponsors back into fintech.

- About **\$3.7T** of global PE dry powder is seeking deployment.
- Fintech PE and VC investment rose roughly **44%** to \$18.5B in 2025.
- Take-privates of mature software, such as OneStream, are accelerating.
- Aging 2020-22 vintages are also pushing sponsors toward exits.

A Reopening Market

The broad M&A backdrop is the most constructive since 2021.

- Goldman Sachs forecasts about **\$3.8T** of global M&A in 2026.
- EY-Parthenon finds 62% of US CEOs plan to pursue M&A, up 27 points.
- Rate stabilisation and reopened capital markets are lifting confidence.
- Buyer and seller expectations have converged, unlocking deal flow.

1. The Strategic Sale Is the Default

With strategic acquirers behind roughly 78% of fintech exits, a sale to a strategic buyer is now the central exit path, ahead of both the IPO and the financial buyer.

- Map your capability against the declared gaps of named acquirers.
- Engineer the asset to be acquirable, not only fundable.

2. Quantify Synergies Early

Headline multiples now rest on identifiable, underwritable synergies; vague strategic fit no longer moves valuation.

- Model revenue and cost synergies before the LOI stage.
- Present the synergy case in the management presentation.

3. The Window Has Lead Time

A full process runs 12 to 18 months, so capturing the current constructive market requires preparation to begin in the present planning cycle.

- Begin diligence readiness well ahead of market engagement.
- Hold 12 to 18 months of runway to negotiate from strength.

4. Capability Beats Scale Alone

Acquirers are paying premiums for technology and talent that fill a specific gap, especially in AI, fraud and identity.

- Frame the asset around a concrete buyer capability deficit.
- Evidence proprietary data and governed, production-grade AI.

5. Expect Structured Consideration

All-cash deals have returned for certainty, but earn-outs remain standard for bridging valuation gaps on AI and early-traction assets.

- Prepare for performance-linked payments over 12 to 24 months.
- Negotiate clear, measurable earn-out milestones up front.

6. Mid-Market Assets Must Choose

In a barbell market the \$100M to \$1B band has the thinnest buyer pool, leaving owners with a clear strategic decision.

- Acquire to reach platform scale, or position to be acquired.
- Delay narrows options as competitive moats erode.

Founder FAQs: Process, Timing & Deal Terms

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The questions founders ask most, answered against the Q2 2026 M&A market.

Q1 How long does a sale process take?

Plan for a **12 to 18 month** total timeline: six to nine months of preparation, three to six months of market engagement and negotiation, and three or more months for regulatory clearance and closing conditions.

Q3 Is M&A a better route than an IPO?

For most fintechs, yes. The IPO window has reopened but favours scaled, profitable assets, and most 2025 fintech listings trade below issue. A strategic sale often delivers a superior risk-adjusted outcome through control premiums.

Q5 When is the right time to run a process?

After **4 to 6 quarters** of predictable performance, while still holding 12 to 18 months of runway. Negotiating from strength, rather than necessity, is what captures a scarcity premium.

Q7 What kills fintech deals in diligence?

Weak cohort economics, unpredictable churn, unresolved regulatory or IP-ownership issues, customer concentration, and integration or cultural risk. Most are addressable with disciplined preparation before engagement.

Q2 Who are the most active buyers right now?

Traditional FIs and payment networks acquiring AI and rail capability, **PE platforms** executing take-privates and roll-ups, and **tech platforms** extending embedded ecosystems. Strategic buyers drive roughly 78% of exits.

Q4 What gets a deal the highest price?

A specific capability an acquirer cannot quickly build, clean and underwritable synergies, durable unit economics, and a de-risked compliance posture. Competitive tension among two or more credible buyers does the rest.

Q6 Should we expect earn-outs?

Often. All-cash consideration has returned for certainty, but **earn-outs** remain standard for bridging valuation gaps, particularly for AI-focused or early-traction assets, typically paid over 12 to 24 months.

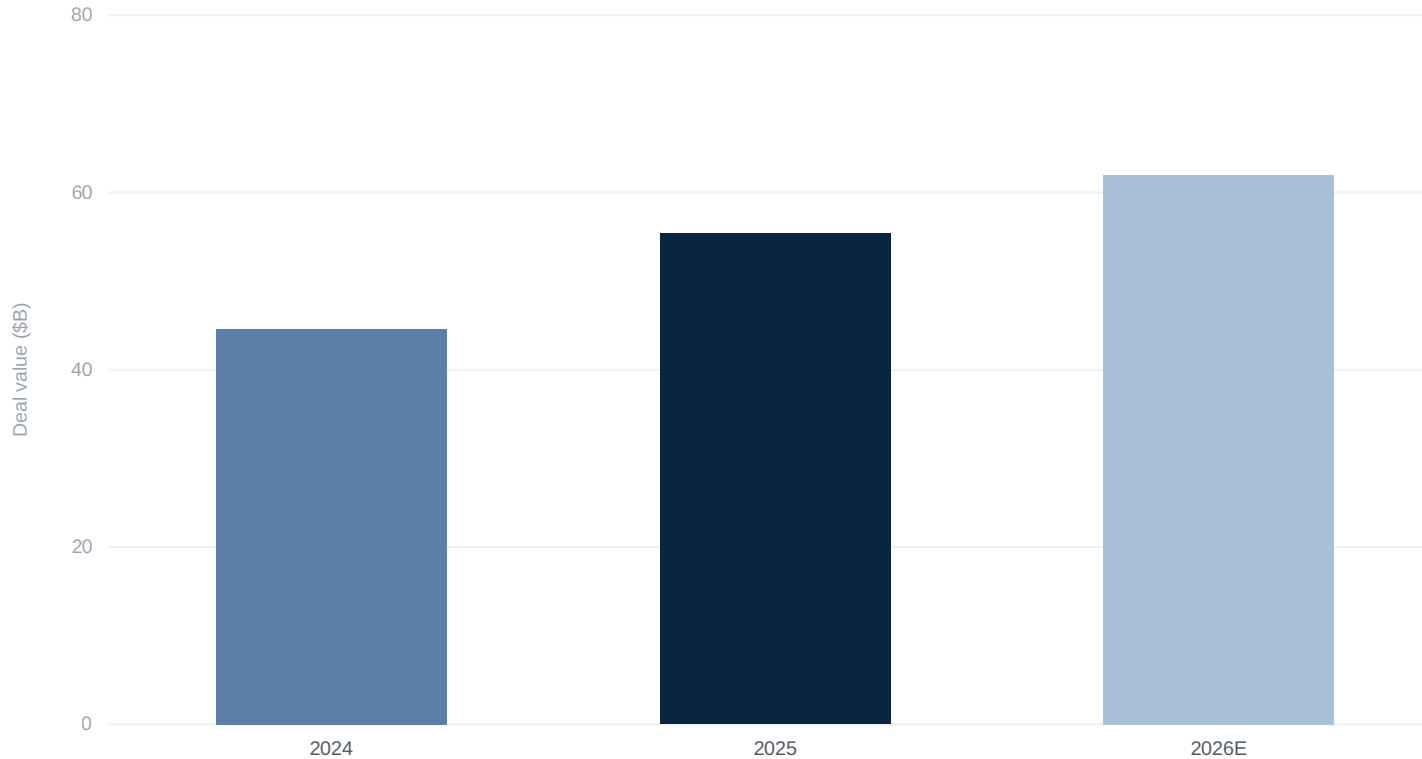
Q8 What are the main cross-border risks?

Regulatory divergence is the primary friction: antitrust review, data-residency rules, and national-security screening (CFIUS and equivalents). Cross-border clearance typically runs 30 to 50% longer than a domestic deal.

Fintech M&A Deal Volume & Value

Deal value is rising even as deal count falls: the market is paying more for fewer, larger transactions.

Annual Fintech M&A Deal Value (\$B)



Fewer deals, larger checks: 2025 fintech M&A value rose about 24% on essentially flat deal count, and Q1 2026 deal count fell to a six-quarter low even as average transaction size climbed. The 2026 estimate reflects Windsor Drake analysis of the cited outlooks.

2025 FINTECH M&A

\$55.4B

Across 840 deals, up from \$44.6B and 829 deals in 2024 (KPMG).

Q1 2026 DEAL COUNT

199

Down 26% on the prior quarter, a six-quarter low (CB Insights).

VALUE PER DEAL

Rising

Capital is concentrating in larger, scale and capability transactions.

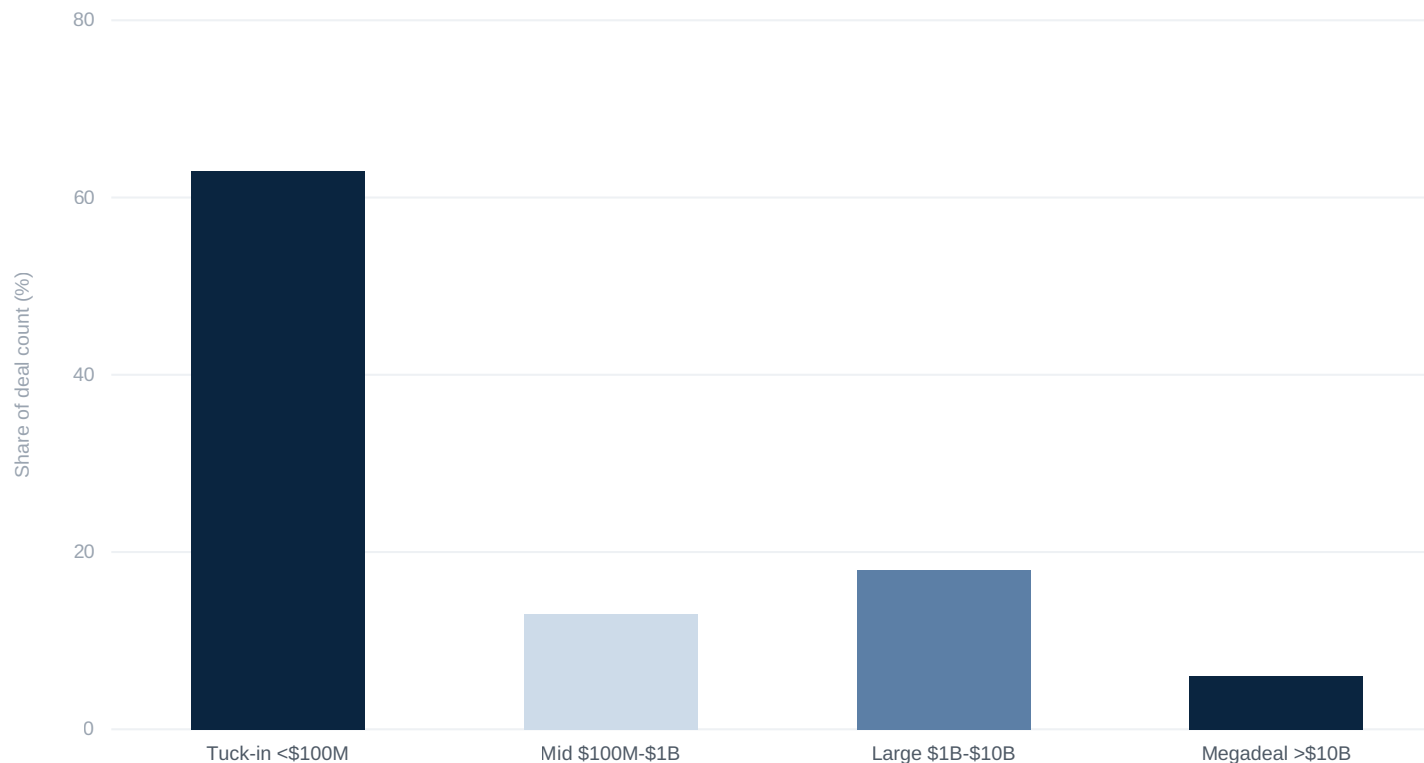
Key Driver

Strategic buyers are prioritising decisive, larger transactions over a high cadence of small deals.

The Barbell Market: Deal-Size Distribution

Activity concentrates in high-volume tuck-ins and a thin band of megadeals, squeezing the middle market.

Indicative Share of Fintech M&A Deal Count by Size Band (%)



TUCK-IN DOMINANCE

Count

Small capability and acqui-hire deals are the bulk of activity by number.

MEGADEAL CONCENTRATION

Value

A handful of \$10B-plus transactions carry a disproportionate share of value.

THE SQUEEZED MIDDLE

\$100M-\$1B

Mid-sized assets face the thinnest buyer pool and the longest path to exit.

Strategic Implication

Mid-market founders face a binary choice: acquire toward platform scale, or position decisively for a strategic sale.

A hollowing middle: capability tuck-ins dominate by count while a small number of megadeals dominate by value. The distribution shown is Windsor Drake analysis; the directional pattern is corroborated by McKinsey and S&P Global.

Notable Transactions of the Cycle

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Four transactions that define the strategic logic of the current fintech M&A market.

Global Payments / Worldpay

Valued at **\$24.25B**, closed January 2026.

- The defining payments consolidation event of the cycle.
- Aggregates merchant-acquiring volume to defend against take-rate erosion.
- Paired with the realignment of Issuer Solutions to FIS.
- Rationale: scale consolidation.

Capital One / Brex

Valued at about **\$5.15B**, announced January 2026.

- Among the largest bank-fintech acquisitions on record.
- An AI-native corporate spend-management capability buy.
- A bank choosing to buy, rather than build, modern software.
- Rationale: capability acquisition.

Mastercard / BVNK

Valued at up to **\$1.8B** including an earn-out, announced March 2026.

- Adds stablecoin and on-chain payment infrastructure.
- Connects blockchain rails to fiat across many markets.
- Followed a collapsed competing bid late in 2025.
- Rationale: embedded infrastructure.

Hg / OneStream

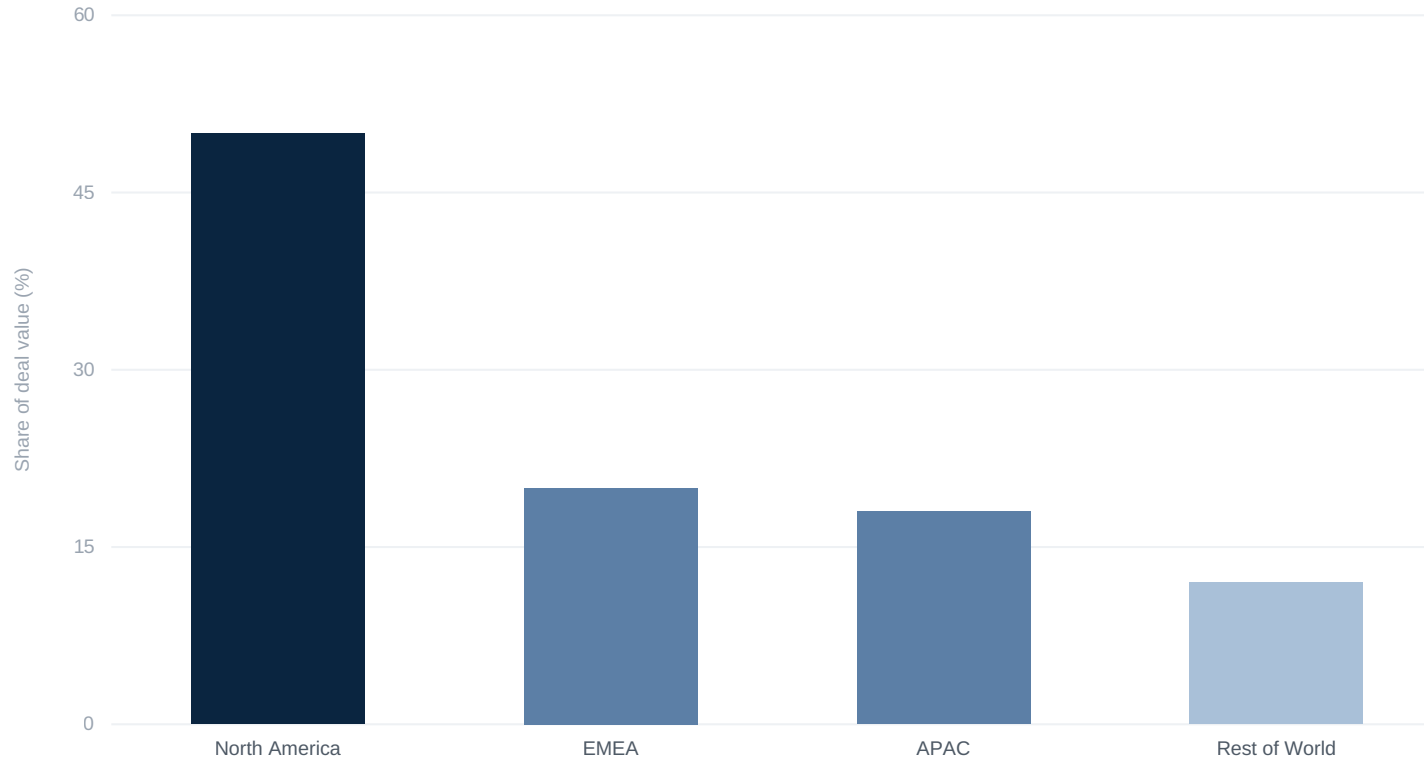
Valued at about **\$6.4B**, closed April 2026.

- A private equity take-private of AI-enabled finance software.
- Priced at a premium of roughly 31% to the undisturbed price.
- Exemplifies sponsor appetite for mature, cash-generative software.
- Rationale: take-private.

Geographic Deal Distribution

North America anchors fintech M&A value; Europe and APAC offer cross-border opportunity for scale buyers.

Share of 2025 Fintech M&A Deal Value by Region (%)



NORTH AMERICA

~50%

About \$27.5B of 2025 fintech M&A value, the deepest pool of strategic buyers.

EMEA

~20%

Roughly \$11B of value; regulatory consolidation drives steady deal flow.

APAC & ROW

~30%

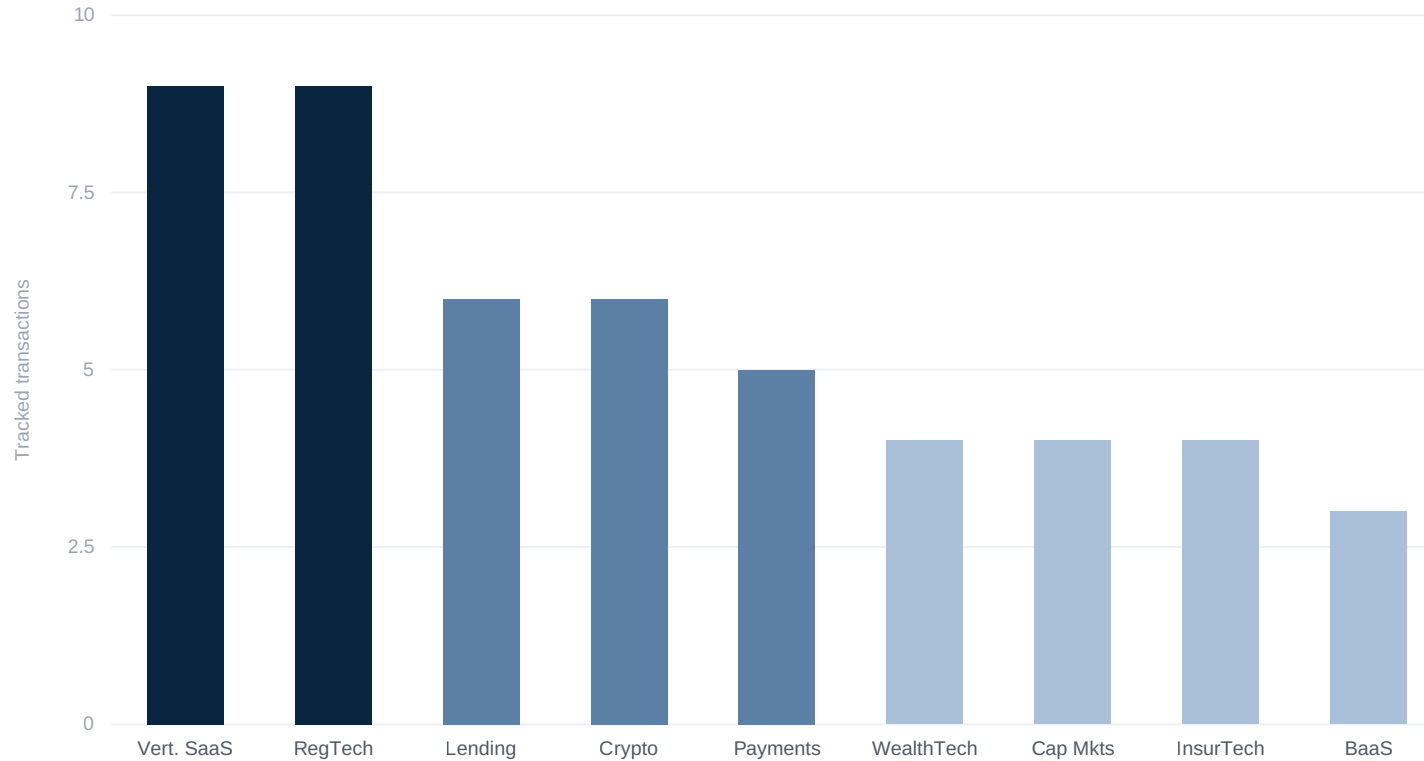
Cross-border acquirers target regulated footholds and growth corridors.

A US-anchored market: the United States drove about \$27.5B of 2025's \$55.4B in fintech M&A value, supported by deep capital markets and the largest strategic acquirers. Europe and APAC remain consolidation grounds for cross-border buyers.

The Windsor Drake Fintech Exit Index

A proprietary index of 50 verified and reported fintech transactions calibrates the firm's deal benchmarking.

Tracked Transactions by Subsector (count, 2019-2026)



TRACKED TRANSACTIONS

50

Verified and reported fintech deals spanning 2019 to 2026.

DEAL-COUNT LEADERS

18

Vertical SaaS payments and RegTech together account for 18 of the 50 tracked transactions.

REFRESH CADENCE

Quarterly

The index is updated each quarter as new transactions are verified.

Calibrated to real deals: the index spans 50 transactions from 2019 to 2026, from sub-\$100M capability tuck-ins to deals above \$20B, and underpins the comparable-set analysis used throughout this report.

The Buyer Landscape

Three buyer groups are competing for fintech assets, each with a distinct mandate.

A Strategic-Led Market

Strategic acquirers now drive roughly 78% of fintech exits, a share up about 23 points on 2024. The strategic sale has displaced both the IPO and the pure financial buyer as the central exit route for venture-backed fintech.

Competition Favours the Seller

With three distinct buyer pools active at once, a well-prepared asset can manufacture genuine competitive tension, the single most reliable lever on final price.

78%

EXITS TO STRATEGICS

3

ACTIVE BUYER POOLS

Traditional FIs & Networks

Banks, processors and card networks acquiring AI, fraud and rail capability to modernise legacy stacks. The most acquisitive group in 2025-26.

Private Equity

Sponsors deploying record dry powder into take-privates of mature software and buy-and-build consolidation of fragmented verticals.

Tech Platforms

Software and commerce platforms extending embedded-finance ecosystems and acquiring payment volume adjacent to their core.

Cross-Border Acquirers

Regional champions acquiring across borders to secure regulated footholds, dollar revenue and access to deeper capital markets.

Strategic Acquirer Mapping by Sector

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Traditional FIs seek modernisation; PE targets cash flow; tech platforms prioritise embedded ecosystems.

Sector	Traditional FIs	Private Equity	Tech Platforms
Payments	HIGH Scale consolidation and cross-border rail acquisition.	HIGH Take-privates of processors; margin and efficiency focus.	HIGH Embedded payments into software to capture volume.
WealthTech	HIGH Wealth-transfer defence; AI advisory and asset retention.	MODERATE Platform roll-ups of RIA aggregators to build scale.	LOW Selective interest in direct-to-consumer models.
Lending	MODERATE Niche asset-class acquisition to diversify loan books.	MODERATE Specialty finance and distressed-asset opportunities.	LOW Regulatory aversion limits balance-sheet risk appetite.
InsurTech	MODERATE Carriers acquiring distribution and claims automation.	HIGH SaaS enablers with high recurring revenue and low risk.	LOW Limited direct involvement in underwriting risk.
Blockchain	MODERATE Custody, settlement and stablecoin rail acquisition.	LOW Venture-style bets only; regulatory ambiguity avoided.	HIGH On-chain infrastructure and tokenisation rails.
Vertical SaaS	LOW Outside core competency unless payments-integrated.	HIGH Prime buy-and-build and take-private target.	HIGH Deep vertical integration for ecosystem lock-in.

High Activity / Priority Target

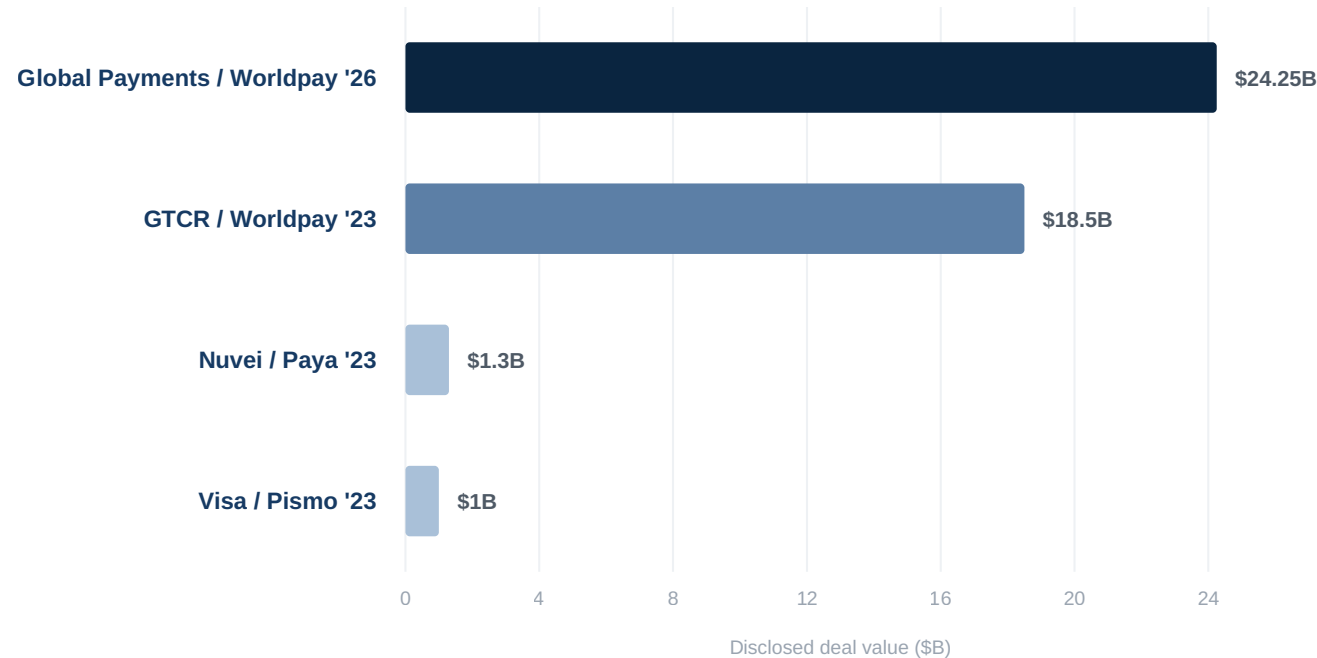
Moderate / Opportunistic

Low Activity / Niche Only

Payments M&A: Scale Consolidation

Payments is the most acquisitive fintech subsector, led by scale-defensive megadeals and rail acquisition.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Scale Defence

Take-rate erosion is forcing volume aggregation. Merchant acquiring is consolidating as scale becomes the primary defence against margin compression.

Rail & Core Acquisition

Networks are buying cloud-native issuer processing and core banking platforms to modernise their stacks and extend into new geographies.

Buyer Set

Networks, processors and PE platforms compete for payments assets; the largest deals are now strategic-on-strategic combinations.

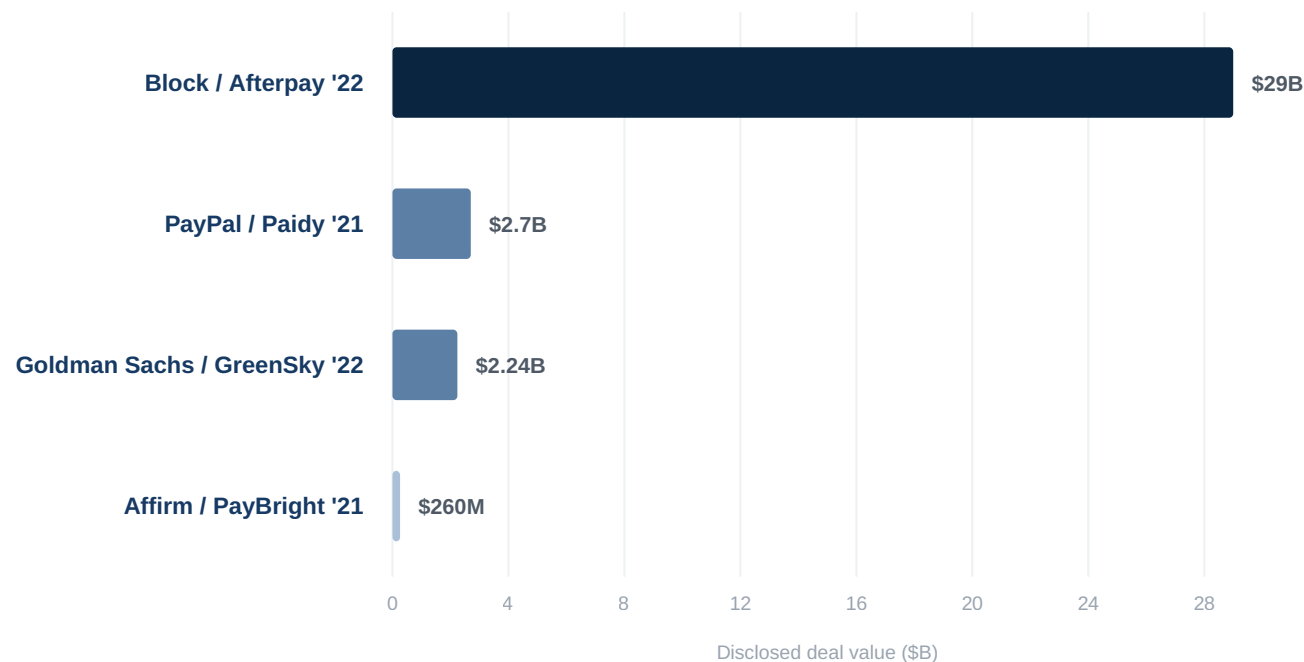
KEY OBSERVATION

Payments megadeals carry a disproportionate share of total fintech M&A value, while smaller rail and core deals continue at a steady cadence.

Lending & Banking M&A: Selective Consolidation

Lending M&A is selective and capability-led after the post-BNPL repricing of the sector.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Post-BNPL Repricing

The 2021-22 BNPL cycle set peak pricing; current lending M&A is far more disciplined and focused on quality books and proven credit models.

Bank & Niche Buyers

Banks acquire niche asset classes to diversify loan books, while specialty-finance and distressed opportunities draw private equity interest.

Capability Over Balance Sheet

Buyers favour origination technology and primary-account capability over balance-sheet-heavy unsecured lending exposure.

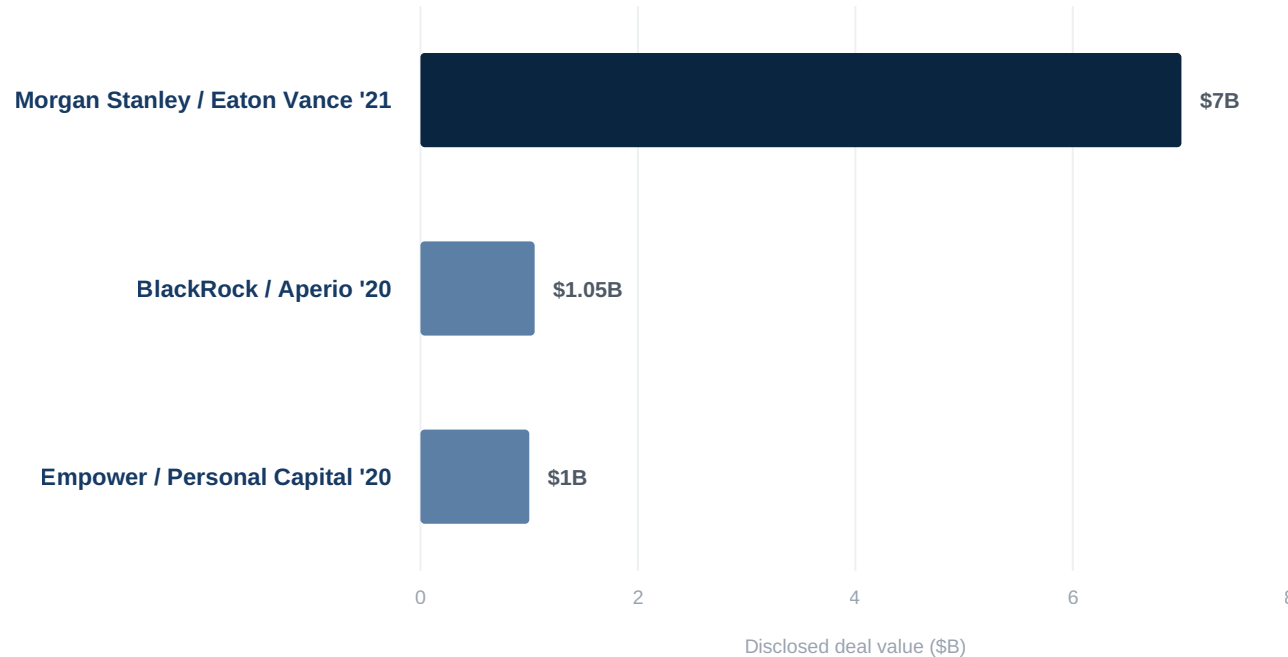
KEY OBSERVATION

Lending M&A has shifted from scale land-grabs to selective acquisition of credit quality, technology and deposit-gathering capability.

WealthTech & Asset Management M&A

WealthTech M&A is driven by incumbents acquiring scalable platforms ahead of a generational wealth transfer.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Wealth-Transfer Defence

A multi-decade asset shift to digital-native heirs is pushing wirehouses and asset managers to acquire modern, tech-first wealth platforms.

Direct Indexing & Scale

Incumbents have acquired direct-indexing and customised-SMA engines to extend tax-efficient, personalised offerings for high-net-worth clients.

B2B Enablement Focus

Buyer interest has shifted from consumer robo-advisors toward B2B platforms that power advisor productivity and asset retention.

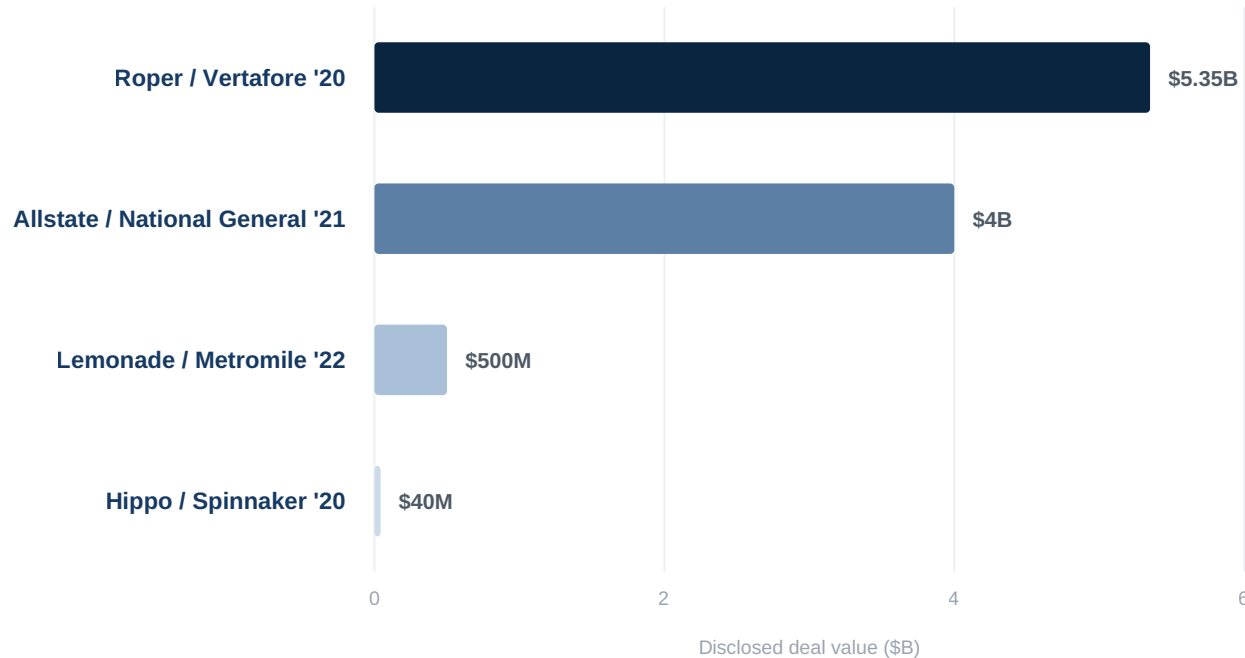
KEY OBSERVATION

WealthTech M&A is incumbent-led, with strategic buyers acquiring scale and technology rather than competing to build it organically.

InsurTech M&A: Enablers and Carriers

InsurTech M&A splits between capital-light enabler software and balance-sheet carrier consolidation.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Enabler Software Premium

Capital-light agency and policy-administration software attracts the strongest buyer interest, valued on recurring-revenue software economics.

Carrier Consolidation

Full-stack carriers consolidate for distribution and underwriting capacity, trading closer to traditional insurance valuations.

AI Claims & Fraud

Strategic interest centres on AI-driven claims automation and fraud detection that measurably improve incumbent loss ratios.

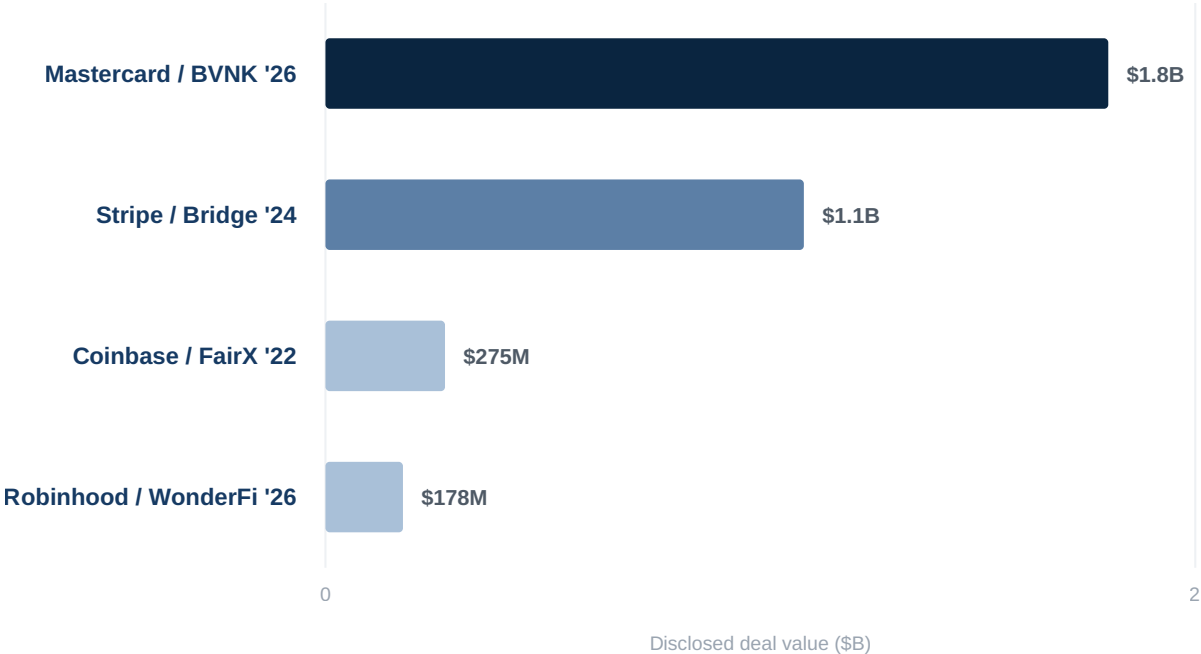
KEY OBSERVATION

The clearest InsurTech M&A premium accrues to asset-light enabler software rather than to balance-sheet carriers.

Blockchain & Crypto M&A: The Institutional Pivot

Crypto M&A has shifted decisively from consumer apps to regulated infrastructure, custody and stablecoin rails.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Stablecoin Rails

Payment networks are acquiring stablecoin and on-chain infrastructure to connect blockchain settlement to fiat across global markets.

Custody & Settlement

Institutions are buying regulated custody, clearing and derivatives capability as digital-asset allocation models mature.

Regulated Footholds

Acquirers favour licensed, compliant platforms; regulatory clarity has become a prerequisite for crypto M&A rather than an afterthought.

KEY OBSERVATION

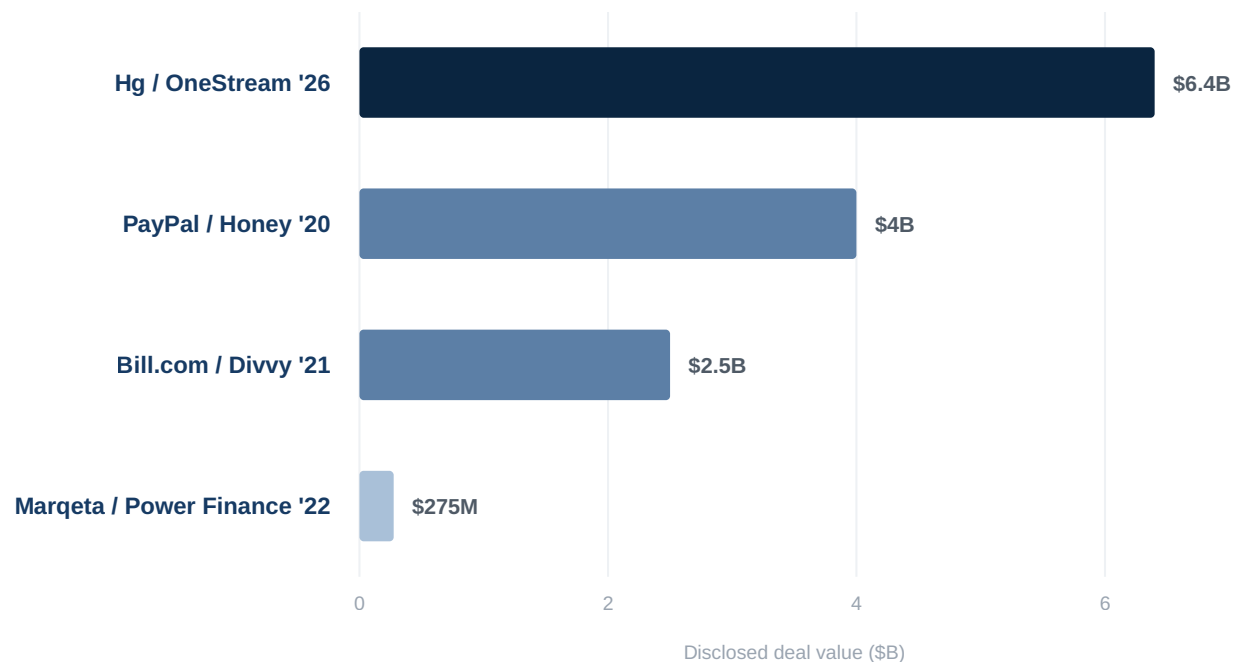
Crypto M&A is now an infrastructure story: buyers are acquiring rails, custody and licences, not consumer trading brands.

Sources: company and SEC filings; CB Insights; PitchBook. See appendix.

Vertical SaaS & Embedded Finance M&A

Vertical SaaS and embedded-finance M&A is the highest-count subsector, led by platform and PE consolidation.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Embedded-Finance Cores

Software incumbents and PE platforms pay premiums for embedded payments and lending cores that layer financial revenue onto SaaS.

Buy-and-Build

Private equity consolidates fragmented vertical software, combining point solutions into platforms to drive scale and cross-sell.

Workflow Ownership

Buyers target platforms that own the system of record for a vertical, the foundation for durable, low-CAC financial monetisation.

KEY OBSERVATION

Vertical SaaS and embedded finance generate the highest fintech M&A deal count, spanning small tuck-ins to multi-billion-dollar take-privates.

Comparable Transaction Analysis Framework

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A rigorous quality-of-revenue filter rather than broad industry codes.

1. Select Peer Set

Identify genuinely comparable transactions by fundamental business characteristics: model, revenue quality, growth profile and buyer type, never by broad sector labels alone.

2. Normalise the Deal

Adjust for deal structure: consideration mix, earn-out weighting and assumed liabilities, to recover the true economic value behind a headline figure.

3. Calibrate the Premium

Apply a control-premium layer, typically 20 to 30%, where cost and revenue synergies can be concretely underwritten by a strategic buyer.

50

TRACKED TRANSACTIONS

2019-26

EXIT INDEX COVERAGE

Proprietary Transaction Index

Calibration draws on the firm's proprietary index of **50 verified and reported fintech transactions (2019-2026)**, refreshed each quarter.

Quality-of-Revenue Filter

Peer selection prioritises recurring revenue, gross-margin profile and customer-concentration risk over headline scale.

Strategic-Fit Weighting

Comparable sets weight transactions by strategic rationale, since capability buys and scale deals price on different logic.

Confidence Grading

Every tracked deal is graded Verified, Reported or Estimated, so calibration leans on the best-evidenced transactions.

Traditional Financial Institutions as Buyers

Incumbents are pursuing defensive capability acquisitions to modernise legacy infrastructure.

Strategic Motives: Buy vs. Build

The internal build cycle for agentic AI and modern payment rails is too slow to counter fintech disruptors. That gap is compelling banks and networks to acquire modern stacks outright, treating M&A as defensive modernisation.

Acquisition Patterns

The clear preference is for bolt-on technology deals, often preceded by a partnership or commercial relationship that de-risks the technology before a full buyout.

Capability

THE PRIMARY MOTIVE

Bolt-on

PREFERRED DEAL SIZE

Priority: Fraud & Identity

AI-driven fraud detection and identity verification are the top acquisition targets, deployable across an entire legacy customer base.

Priority: Real-Time Rails

Modernising core rails for instant settlement remains a primary driver, with networks acquiring middleware and orchestration layers.

Priority: Embedded Capability

Banks acquire embedded-finance and BaaS capability to defend primary-account relationships against fintech distribution.

Semi-Autonomous Integration

A federated model preserves the target's culture and talent while bank-grade compliance and risk are overlaid at the backend.

Private Equity Acquisition Patterns

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Record dry powder is pushing sponsors back into fintech through take-privates and roll-ups.

Deployment Pressure

With roughly \$3.7T of global dry powder to deploy, sponsors face acute pressure to transact. Fintech PE and VC investment rose about 44% to \$18.5B in 2025, even as deal count fell, as capital concentrates in larger platform deals.

The Take-Private Thesis

Mature software trading below intrinsic value is a prime target. Hg's roughly \$6.4B take-private of OneStream is the marquee 2026 fintech example.

~\$3.7T

GLOBAL DRY POWDER

+44%

FINTECH PE/VC, 2025

Ideal Target Profile

Sponsors prioritise high recurring-revenue mix, low churn and efficient growth, the profile that supports leverage capacity.

Value-Creation Playbook

Pricing optimisation, a mix-shift toward high-margin software revenue, and buy-and-build consolidation of fragmented verticals.

Aging-Portfolio Catalyst

Roughly half of PE holdings now exceed a five-year hold, signalling a parallel wave of sponsor exits and secondary deals.

Deal Structure

A resurgence of all-cash transactions for deal certainty, with earn-outs bridging gaps on unproven AI capability.

Capability M&A: AI, Fraud & Identity

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The fastest-growing strand of fintech M&A is the acquisition of specific technical capability.

AI & Agentic Workflows

HIGHEST DEMAND

Buying production-grade automation

- Acquirers are buying governed, production AI, not pilots or research teams.
- The build cycle for agentic workflows is too slow to match the market.
- Capital One / Brex set the template for the AI-native capability buy.
- **Signal:** evidence measurable operating leverage from deployed AI.

Fraud & Risk Defence

TOP BANK PRIORITY

Deployable across a legacy base

- AI-driven fraud detection is the leading capability target for banks.
- Synthetic-identity fraud has made proven defence layers urgent.
- Value accrues to capability that scales across a whole customer base.
- **Signal:** prove low false-positive rates on real production traffic.

Identity & Verification

EMBEDDED NEED

The onboarding control layer

- Identity, KYC and verification assets are persistently acquired.
- Networks have repeatedly bought identity layers to extend their stacks.
- Regulatory onboarding requirements make the capability non-optional.
- **Signal:** demonstrate coverage breadth and clean compliance posture.

RegTech & Compliance

DEFLATIONARY LEVER

Automating the cost of compliance

- Automated compliance and reporting are valued as a cost-deflation lever.
- RegTech is among the most-tracked subsectors in the Exit Index.
- Cross-border rule divergence is widening the compliance-tech market.
- **Signal:** quantify the operating-expense reduction the asset delivers.

Deal Structure & Terms

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How fintech transactions are being structured in the current market.

Consideration Mix

ALL-CASH RESURGENCE

Certainty is back in favour

- All-cash consideration has returned as well-capitalised buyers prize certainty.
- Cash removes the financing and share-price risk of stock deals.
- Stock still features where buyer and seller want aligned upside.
- **Founder note:** weigh certainty against participation in future value.

Earn-Outs

STANDARD BRIDGE

Bridging the valuation gap

- Earn-outs remain standard for AI-focused and early-traction assets.
- Performance-linked tranches typically run over 12 to 24 months.
- They bridge gaps where forward growth is genuinely unproven.
- **Founder note:** negotiate clear, measurable, controllable milestones.

Control Premiums

20-30% LAYER

Paid for underwritable synergy

- Strategic control premiums typically run 20 to 30% over standalone value.
- The premium is paid only where synergies can be concretely underwritten.
- Vague strategic fit no longer commands a premium on its own.
- **Founder note:** quantify the synergy case before the LOI stage.

Regulatory Remedies

DESIGNED IN

Antitrust planned from day one

- Larger deals increasingly design structural remedies in from the outset.
- Divestitures and carve-outs pre-empt antitrust objections.
- Cross-border clearance runs 30 to 50% longer than a domestic deal.
- **Founder note:** model regulatory timelines into runway and structure.

Cross-Border M&A Considerations

Jurisdictional divergence is the primary execution risk in cross-border fintech deals.

Regulatory Regimes

Heightened scrutiny of national payment rails and data infrastructure, and divergence between regional AI and data frameworks, materially complicate integration and lengthen approval timelines for cross-border transactions.

The Arbitrage Case

Cross-border deals also create opportunity: acquirers use strong-currency positions and deeper capital markets to acquire regulated footholds and growth corridors abroad.

12-18mo

CROSS-BORDER CYCLE

+30-50%

LONGER CLEARANCE

Extended Timelines

Regulatory clearance for cross-border fintech deals runs 30 to 50% longer than domestic transactions; ensure runway to withstand delay without losing leverage.

Antitrust & Screening

Antitrust review and national-security screening (CFIUS and equivalents) are the principal sources of friction and timeline risk.

Milestone-Tied Earn-Outs

Regulatory earn-outs can unlock tranches of consideration on specific licence transfers or data-sovereignty approvals.

Local Partners

Retaining local management and a dual-track option preserves both regulatory navigation and competitive tension through close.

Competitive Moats That Attract Acquirers

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Acquirers pay premiums for structural defensibility that they cannot quickly build.

Data Moats

ASSET VALUE: HIGH

Proprietary data training predictive models

- Creates a virtuous cycle of product improvement rivals cannot replicate.
- Powers unique underwriting, risk or personalisation capability.
- Compounds in value as the install base and data history grow.
- **For the buyer:** an asset that is faster to buy than to recreate.

AI-Native Operations

SCALE VALUE: HIGHEST

Scalability decoupled from headcount

- LLM-driven operations cut the marginal cost to serve.
- Demonstrates non-linear margin expansion as the business scales.
- Production AI is the single most-sought capability in 2026 M&A.
- **For the buyer:** deployable operating leverage across the base.

Regulatory Licences

BARRIER VALUE: MED-HIGH

Hard-to-acquire charters and approvals

- Provide direct rail access without costly middleware dependencies.
- Function as compliance-by-design, a structural barrier to entry.
- Are central to cross-border and stablecoin acquisition theses.
- **For the buyer:** a regulated foothold that accelerates entry.

Network Effects

GROWTH VALUE: HIGH

Two-sided platform value creation

- Each incremental participant adds value across the ecosystem.
- Drives structurally lower CAC and higher retention over time.
- Raises switching costs as network density compounds.
- **For the buyer:** a self-reinforcing distribution advantage.

Positioning for Strategic Acquisition

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Strategic value is driven by capability fit, integration ease and synergy density.

Capability Fit

Demonstrate unique IP and proprietary data or AI assets that fill a specific, declared buyer gap, making the buy-versus-build decision self-evident for the acquirer.

Integration Ease

Acquirers pay clear premiums for plug-and-play assets. Minimise critical dependencies, document APIs thoroughly, and present clean, audited financials.

Synergy Density

Quantify the revenue lift from cross-selling into the acquirer's base, and model cost synergies from shared infrastructure, to support a higher offer.

Strategic Buyer Mapping

Run a structured gap analysis of potential acquirers and map your capabilities to each buyer's declared strategic deficits.

Proof-of-Integration

Develop technical materials that demonstrate speed-to-value within the acquirer's ecosystem, pre-empting technical diligence.

Synergy Quantification

Explicitly model top-line and bottom-line impact in the management presentation to anchor the price conversation on hard numbers.

Comprehensive VDR Readiness

Build a defensive data room addressing regulatory, IP and customer-concentration risk before the first buyer engagement.

Timing the Exit: 12-18 Month Roadmap

WINDSOR DRAKE

A full process runs 12 to 18 months end to end. Founders who prepare in the current cycle meet the market while today's alignment of buyer demand, capital availability and reopened deal flow still holds.



Readiness & Hygiene

Q3 2026

- Audit completion to PCAOB standard
- AI governance and data-rights review
- Unit-economics and synergy mapping
- Clean up the cap table and option pool

KEY MILESTONE

Clean IP and open-source scan



Strategic Positioning

Q4 2026

- Build the strategic buyer-targeting list
- Draft the CIM and management presentation
- Quantify the synergy case per acquirer
- Lock key-employee retention packages

KEY MILESTONE

Retention packages locked



Market Engagement

Q1 2027

- Fireside chats with priority strategics
- Solicit initial indications of interest
- Deliver management presentations
- Open the virtual data room

KEY MILESTONE

Competitive bid tension



Execution & Closing

Q2 2027

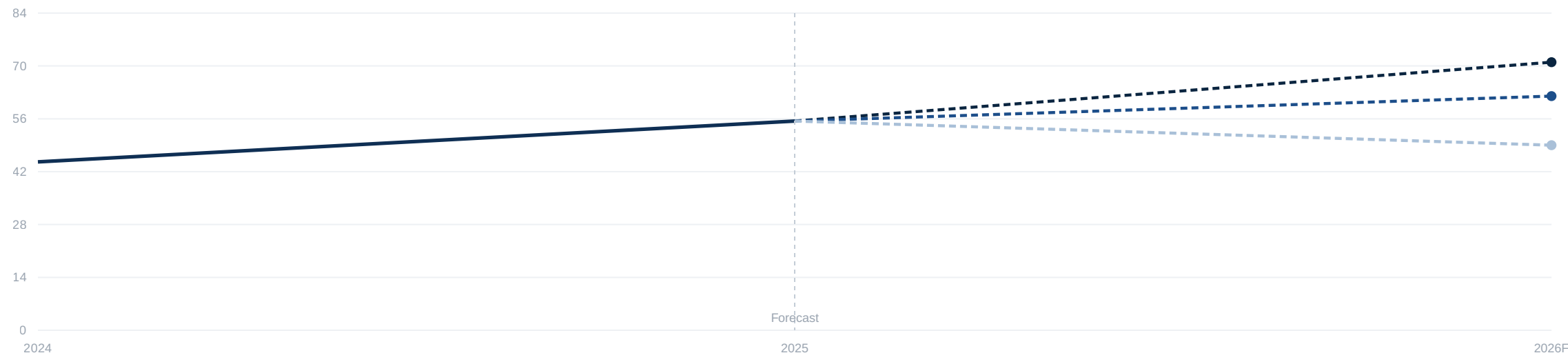
- Definitive agreement negotiation
- Regulatory filings and antitrust review
- Confirmatory diligence support
- Closing and integration kickoff

KEY MILESTONE

No-MAC event verification

2026 Fintech M&A Outlook Scenarios

With 2025 fintech M&A value at \$55.4B, the 2026 trajectory turns on rates, the IPO window and the pace of capability buying.



BULL CASE

~\$71B

Key Drivers

- Aggressive rate cuts and a fully open IPO window
- An AI capability-buying wave accelerates
- Megadeal momentum continues across payments

IMPLICATION: A SELLER'S MARKET

BASE CASE

~\$62B

Key Drivers

- Steady rate normalisation, one further cut
- Deal value surpasses 2025 on flat-to-lower count
- Capability and scale deals lead activity

IMPLICATION: A CONSTRUCTIVE MARKET

BEAR CASE

~\$49B

Key Drivers

- Inflation resurgence or a rate-cut pause
- A geopolitical shock cools cross-border deals
- Buyers retreat to the smallest tuck-ins

IMPLICATION: A BUYER'S MARKET

Emerging Deal Themes

WINDSOR DRAKE

Where the next wave of fintech M&A is concentrating, and what it means for sellers.

Stablecoin & On-Chain Rails

Payment networks are acquiring stablecoin infrastructure to own internet-native settlement, a theme moving quickly from experiment to core acquisition priority.

Agentic Commerce

Buyers are acquiring agentic-commerce and orchestration capability as autonomous purchasing reshapes how payments are initiated and routed.

Embedded Finance 2.0

Embedded finance is extending into healthcare, logistics and education workflows, widening the universe of acquirable vertical platforms.

Capability Buys Accelerate

Banks and networks are buying AI, fraud and identity capability faster than they can build it, widening the strategic buyer pool for technical assets.

PE Roll-Ups Intensify

Sponsors are consolidating fragmented vertical software and specialty lending, with record dry powder still seeking deployment.

Regional Champions Go Global

European and APAC leaders are acquiring North American assets to capture scale, dollar revenue and deeper capital-market access.

A Demand-Led Market

Record dry powder and capability-driven demand are chasing a supply of quality fintech assets that has not kept pace.

M&A Case Study: Global Payments & Worldpay

WINDSOR DRAKE

The defining consolidation event of the cycle, and the playbook it sets for founders.

The Consolidation Playbook

Global Payments' acquisition of **Worldpay**, valued at **\$24.25B** and closed in **January 2026**, is the defining payments consolidation of the cycle. It confirms that scale has become the primary defence against structural margin compression in commoditised processing.

Strategic Rationale

- **Scale defence:** aggregating volume to drive unit-cost efficiency against take-rate erosion.
- **Portfolio focus:** paired with the realignment of Issuer Solutions to FIS, sharpening the merchant-acquiring pure-play.
- **Distribution leverage:** unifying merchant bases to reduce acquisition cost and streamline go-to-market.

Implications for Founders

Scale Is Now Existential

In commoditised processing, **scale consolidation** has displaced organic growth as the primary survival strategy. Mid-market players face a stark consolidate-or-be-consolidated choice, and the window to choose is narrowing.

Quantify Synergies Pre-LOI

Headline values on mature assets rest on **identifiable, underwritable synergies**. Vague strategic fit no longer moves price; rigorous synergy math, presented before the LOI, does.

Platform vs. Point Solution

Assets framed as broad **platforms** capable of absorbing bolt-ons trade at clear premiums to narrow point solutions. Integration readiness is itself a value lever.

The M&A Readiness Mandate

WINDSOR DRAKE

Four workstreams that convert a strong company into a prepared, acquirable asset.

1. Financial Hygiene

FOUNDATION

Make the numbers diligence-ready

- Complete an audit to institutional standard well ahead of a process.
- Reconcile metrics so reported KPIs survive buyer scrutiny.
- Clean the cap table, option pool and any related-party items.
- Resolve revenue-recognition and contract questions early.

2. Capability Narrative

POSITIONING

Frame the asset for a specific buyer

- Identify the precise capability gap the asset fills for each acquirer.
- Evidence proprietary data and governed, production-grade AI.
- Position as platform infrastructure, not a single point tool.
- Map the story to the declared strategy of the top five buyers.

3. Synergy Case

VALUE

Do the buyer's math for them

- Model revenue synergies from cross-sell into the acquirer's base.
- Quantify cost synergies from shared infrastructure and scale.
- Present the case in the management presentation, not after.
- Anchor the price conversation on underwritable numbers.

4. Risk & Data Room

EXECUTION

De-risk before first contact

- Build a defensive VDR covering regulatory, IP and concentration risk.
- Pre-empt technical diligence with integration-readiness materials.
- Lock key-employee retention before the process begins.
- Model regulatory and antitrust timelines into the plan.

Appendix: Sources & Methodology (Part 1)

WINDSOR DRAKE

Institution	Report / Source	Date
CB Insights	<i>State of Fintech Q1'26 Report</i>	Apr 2026
CB Insights	<i>State of Fintech 2025 Report</i>	Jan 2026
KPMG	<i>Pulse of Fintech H2 2025</i>	Feb 2026
PitchBook	<i>Q4 2025 Fintech VC Trends</i>	Feb 2026
S&P Global Market Intelligence	<i>Global M&A by the Numbers: Q4 2025</i>	Jan 2026
S&P Global Market Intelligence	<i>Private Equity Investment in Fintech Up 44% in 2025</i>	Feb 2026
McKinsey & Company	<i>2026 M&A Trends: Navigating a Rebounding Market</i>	Feb 2026
McKinsey & Company	<i>Financial Services M&A: Scale and Capabilities at the Center</i>	2026
McKinsey & Company	<i>Global Private Markets Report 2026</i>	Mar 2026
Goldman Sachs	<i>2026 Global M&A Outlook</i>	Jan 2026

Appendix: Sources & Methodology (Part 2)

WINDSOR DRAKE

Institution	Report / Source	Date
EY-Parthenon	<i>M&A Outlook 2026 (Deal Barometer); CEO Outlook Survey</i>	2025-26
EY	<i>Global Financial Services M&A Activity Rose in 2025</i>	Jan 2026
Federal Reserve	<i>FOMC Statement (Apr 2026); Summary of Economic Projections (Mar 2026)</i>	2026
Global Payments Inc.	<i>SEC Form 8-K, Worldpay acquisition close</i>	Jan 2026
Mastercard Incorporated	<i>Investor release, BVNK acquisition</i>	Mar 2026
Company filings & financial press	<i>Event reporting on Brex, BVNK, OneStream and Worldpay (Reuters, Bloomberg, CNBC)</i>	2026

METHODOLOGY NOTES

Source Standard

Inputs are restricted to top-tier institutions: bulge-bracket banks, the major consultancies, elite data houses, and primary regulatory and filing sources. Boutique and market-report vendors are excluded.

Structural Adjustments

Comparable transactions are normalised for consideration mix, earn-out weighting and assumed liabilities to recover the economic value behind a headline figure.

Deal Data & the Exit Index

Transaction analysis draws on a proprietary index of 50 verified and reported fintech deals (2019-2026), each graded for evidence quality, alongside the top-tier sources above.

Synthesis & Attribution

Figures labelled as firm analysis or estimate, including the 2026 deal-value scenarios, are the firm's own synthesis of the cited institutional data, presented as a house view rather than third-party consensus.