M&A As a Strategic Capability

From Transactions to Capital Discipline

February 2026

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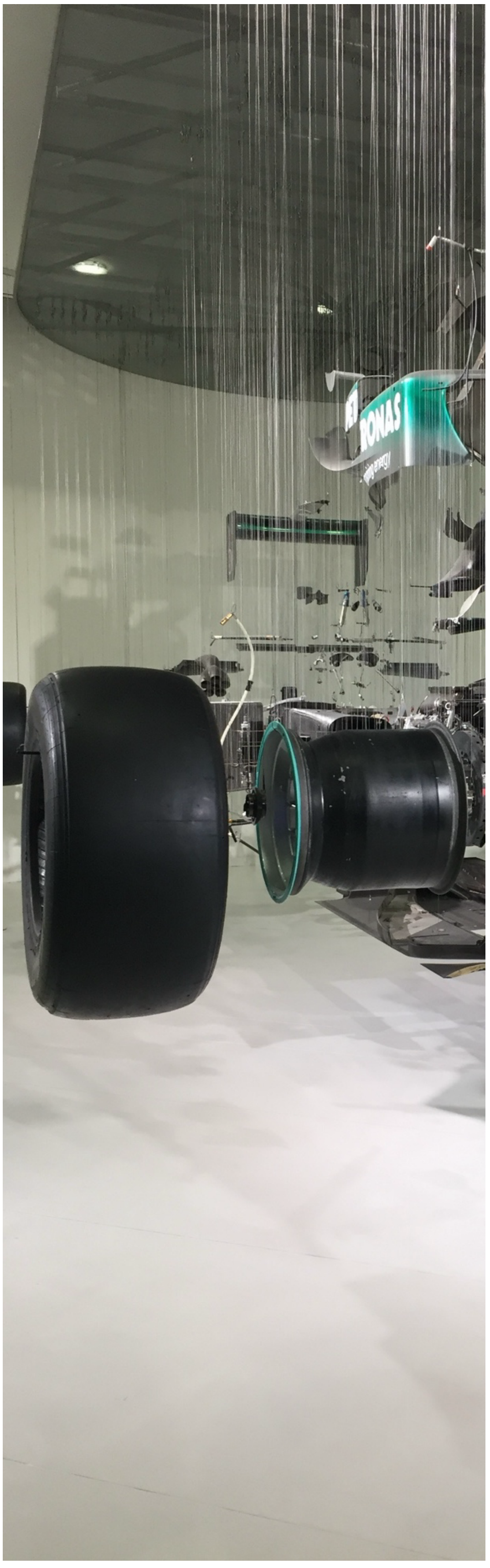

Introduction

Company leaders rarely have time for romantic ideas. They have to battle ever more unforgiving forces on a daily basis, from financial constraints to organisational issues, from product/service-related dilemmas to capital allocation decisions, managing shareholder expectations, maintaining strategic coherence, managing competitive threats and so on. They cannot afford distractions. Most company leaders see M&A as a distraction. We argue that this assessment is not necessarily correct.

Mergers and acquisitions are often treated as episodic events—opportunistic, disruptive, and secondary to 'real' strategy. That framing is increasingly obsolete. In an environment defined by accelerated technological change, capital mobility, and shortening competitive half-lives, M&A is not a reaction to change; it is a primary instrument for shaping it.

Companies that treat M&A as a repeatable, strategy-led capability rather than a sporadic transaction consistently outperform peers on growth, resilience, and long-term valuation. The decisive variable is not deal volume, but leadership intent and discipline.

In the following sections, we cover the evolution of M&A drivers and argue that M&A is not a response to change — it is an instrument to shape change. We discuss its application as a strategic framework (programmatic M&A) and illustrate how such an approach accelerates competitive advantage and that it increases corporate longevity. We explore the importance of embedding programmatic M&A within the fabric of the organisation's culture and discuss how sitting on the M&A sideline is a losing strategy. Finally, we summarise challenges and regional dynamics in the six industry sectors we cover and elaborate on how M&A is vital in each sector.

Akseki & Co

We are an independent investment banking firm, dedicated to helping companies and institutional clients worldwide navigate complex strategic and financial challenges. We partner with business leaders and design fully integrated reorganisation plans that align the interests of all stakeholders, including lenders, debt holders, shareholders, management, employees, and customers.

We assist business owners, senior management teams, and institutional investors in executing corporate reorganisations, including mergers, acquisitions, divestitures, recapitalisations, and shareholder exits.We also advise senior management and key stakeholders on complex financing transactions, including leveraged and project financing, restructurings, and multi-layer financings.

M&A As a Strategic Capability

From Episodic Deals to Strategic Design

In his 1998 book "Big Deal", legendary Wall Street banker Bruce Wasserstein identified the five "pistons" that drive the M&A process as (1) regulatory and political change, (2) technological change, (3) financial change, (4) leadership, and (5) size. Fast forward two and a half decades and these factors continue to drive M&A activity.

With regulatory and political change he was referring to the de-regulation of financial services, media and telecommunications in the US. In the last decade, increased financial regulation and consumer protection, energy transition, most recently, trade tariffs and de-globalisation continued to reshape businesses worldwide.

With technological change, Wasserstein was referring to the rise of the internet, wireless telephony and satellite, and convergence of voice, video and data transmission. Today, generative AI and agentic automation, cloud computing, data governance and digital provenance, post-quantum and next-gen cryptography are emerging as global technology forces.

Financial change in the 1990s included internet-fuelled stock market valuations providing strong acquisition currencies. Today, CEOs wake up and go to bed with news on equity market monopolies, lender discrimination, rise of private markets and sticky inflation.

Leadership was an important driver in the 1980s and 1990s with skilled corporate architects such as Jack Welch at GE, Barry Diller at USA Broadcasting/IAC, Louis Gerstner at IBM and Philip Purcell at Dean Witter reshaping their respective industries. Elon Musk at Tesla/xAI/SpaceX, David Ellison at Paramount Skydance, Satya Nadella at Microsoft and Jamie Dimon at JPMorgan are the new 'Barbarians at the Gate'.

Wasserstein argued companies and leaders are naturally drawn to scale but observes that, while some companies seek scale, others seek to shed skin to become nimbler. He argued that the competing vectors create a vortex of change. This song and dance continues today.

Classic explanations for M&A waves—capital availability, valuation cycles, regulation, and technology—remain valid. But they describe conditions, not outcomes. What differentiates sustained winners is not their exposure to these forces, but how deliberately they use acquisitions to reconfigure their business models.

When executed with clarity and discipline, M&A can accelerate competitive positioning, compress time-to-market, and unlock value that would take years to build organically. The question is no longer whether companies should use M&A, but how deliberately and consistently they do so.

A New Approach: Programmatic M&A

We encourage companies to pursue a Programmatic M&A framework. Programmatic M&A treats acquisitions as an extension of corporate planning, governed by the same discipline as capital investment, talent development, and portfolio management.

We also encourage company leaders to follow a consistent, iterative logic:

1. Define the Future Competitive Arena

The starting point is not today's market share, but tomorrow's profit pools. CEOs must take an explicit view on how industry boundaries, value chains, and sources of advantage are likely to evolve over a five- to ten-year horizon. Programmatic M&A is anchored in this forward-looking map, not in opportunistic asset availability.

2. Specify Mission-Critical Capabilities

Once the target arena is clear, management identifies the capabilities that will determine success: technology platforms, proprietary data, regulatory licences, customer access, or scarce talent. These are defined with precision. Vague ambitions such as "digital" or "innovation" are insufficient to guide acquisition choices.

3. Diagnose the Limits of Organic Build

The decisive question is not whether a capability can be built internally, but whether it can be built fast enough. Time-to-market, learning curves, and competitive pre-emption are explicitly assessed. M&A becomes the rational choice when delay carries a higher strategic cost than acquisition risk.

4. Construct a Deal Roadmap

Programmatic acquirers plan sequences of small to mid-sized transactions that cumulatively reshape the business. Individual deals are sized to be digestible, reducing integration risk, while the aggregate effect is strategically material. This also preserves flexibility as assumptions evolve.

5. Integrate Through Operating Models

Integration is treated as an operating capability with repeatable playbooks, dedicated leadership, and clear decision rights. Cultural and systems integration follows a defined model rather than ad hoc negotiation. Over time, this dramatically improves speed and consistency.

6. Learn and Reallocate Capital Continuously

Each acquisition feeds back into the strategy. Assumptions are tested, capital allocation is adjusted, and subsequent deals refined. The organisation becomes progressively better at both selecting and integrating targets.

When executed this way, programmatic M&A reduces downside risk while increasing strategic optionality. It allows companies to move with intent, absorb change incrementally, and compound advantage over time—all while avoiding the binary outcomes typical of large, one-off transactions.

Hence, M&A becomes a targeted tool to advance corporate strategy, not a distraction from it. Leaders must not shy away from transformational M&A either. It is not just about getting bigger; they are about redefining the company's future by gaining new tech, entering new markets, pivoting strategy, or fundamentally changing their business model.

Exhibit 1: CEO Handbook for Programmatic M&A

1. Strategic Intent

- Clear view of future profit pools and industry evolution (please see Annex: Sector Context)
- Explicit role of M&A in achieving that future state

2. Capability Blueprint

- Definition of mission-critical capabilities
- Clear distinction between build vs. buy decisions

3.Integration Operating Model

- Repeatable playbooks and dedicated integration leadership
- Clear decision rights, timelines, and accountability

4. Governance & Feedback Loop

- Portfolio-level board oversight
- Post-deal scorecards feeding back into strategy and capital allocation

Accelerated learning, bounded risk, and compounding competitive advantage.

Accelerating Competitive Advantage Through M&A

When executed programmatically, M&A is not simply a tool for growth or scale. It is a mechanism for accelerating and defending competitive advantage by reshaping the constraints under which competition occurs. Its impact reaches beyond synergies into speed, asset control, resilience, and industry structure.

The following summarise the four different frontiers of competitive advantage that M&A can deliver:

1. Speed: Compressing Strategic Time

Organic development is constrained by hiring cycles, learning curves, capital approval processes, and internal resistance. Acquisitions collapse time by years, allowing firms to bypass these frictions. In markets shaped by technological discontinuity or regulatory change, speed is not a tactical benefit—it is a strategic one. The firm that acts first often defines the new basis of competition.

2. Control of Scarce Assets

Many sources of advantage are inherently scarce: specialist talent pools, proprietary data sets, regulatory licences, embedded customer relationships, or platform technologies. Once acquired, these assets are no longer available to competitors. Programmatic M&A allows companies to accumulate such assets incrementally, progressively narrowing rivals' strategic options.

3. Portfolio Resilience and Strategic Optionality

Repeated acquisitions diversify exposure across products, technologies, and end markets. This reduces dependence on any single growth engine and improves resilience through cycles. More importantly, it creates optionality. Management can reallocate capital toward emerging areas of strength while managing decline elsewhere, rather than being locked into a monolithic business model.

4. Competitive Pre-emption and Industry Shaping

Early acquisition of adjacent or enabling capabilities can prevent competitors from accessing them at all or force them into less attractive alternatives. Over time, this changes industry structure. Competitors are no longer choosing freely; they are responding to constraints imposed by earlier moves.

These effects compound. Each individual transaction may appear modest, but together they accelerate learning, improve capital redeployment, and extend the duration of advantage. Firms that institutionalise M&A as a repeatable capability move faster, adapt earlier, and sustain superior positioning longer than those relying solely on organic evolution. In this sense, M&A does not replace strategy. It accelerates it.

Without a programmatic approach, M&A typically breaks down in predictable ways:

- Strategy drift – deals pursued because assets are available, not because they advance a clear strategic intent.
- Integration overload – organisations lack the bandwidth or operating model to absorb acquisitions consistently.
- Value leakage – synergies are over-promised, under-tracked, and quietly abandoned.
- Leadership disengagement – CEOs and boards focus on deal approval, not post-close outcomes.
- Investor backlash – capital allocation appears erratic, eroding trust and valuation multiples.
- These failures are rarely about deal quality. They are symptoms of treating M&A as an event rather than a managed capability.

Increasing Longevity Through M&A

The most underappreciated value of M&A is its impact on competitive longevity. Company life cycles require constant transformation of businesses to ensure returns above cost of capital. Unless they operate behind monopoly barriers, companies have a limited horizon to enjoy their competitive advantage, until other players catch up and cause profits to compress.

Abnormal economic profits (returns on invested capital above WACC) are mean-reverting over time, but persistence varies by industry structure and competitive advantage durability. Enterprise value is highly correlated to how much growth a company can drive and how long it can sustain it. Exhibit 2 illustrates that extending the business cycle from 10 years to 20 years can improve EV/LTM EBITDA multiples by 0.3-1.7 turns and EV/FW1 EBITDA multiples by 0.4-1.6 turns.

Exhibit 2: Longevity Gain

	10 Years Excess Growth	20 Years Excess Growth	Longevity Gain (Multiple Expansion)
EV/LTM EBITDA(x)	6.7-8.5x	7.1-10.2x	+0.3-1.7x
EV/FW1 EBITDA(x)	6.4-7.7x	6.8-9.3x	+0.4-1.6x
EV/FW2 EBITDA(x)	6.1-7.1x	6.5-8.5x	+0.4-1.4x

Illustration relies on a discounted cash flow analysis assuming 20% EBITDA margin, depreciation and amortisation at 5% of revenues, 30% corporate tax rate, capex equal to D&A, an unlevered capital structure with a 11.3% cost of equity, driven by 2% long-term inflation rate, 4.17% risk free rate, 5.5% market risk premium and an equity beta of 1.3. Ranges dictated by current growth rate between 5-10% and residual growth rate between 0.3-0.7% above long-term inflation. Current growth declines in straight line towards residual growth.

Markets reward companies that can sustain excess returns over longer periods. Programmatic M&A extends that duration by continually refreshing the business portfolio, delaying commoditisation, and repositioning the firm ahead of structural shifts. The result is not merely higher near-term earnings, but structurally higher valuation multiples.

A Culture of M&A

M&A success is ultimately a leadership issue. CEOs who create value through M&A do not delegate it entirely to corporate development teams. They actively shape strategic intent, cultural integration priorities, talent and leadership decisions, capital allocation trade-offs. Importantly, they also communicate a consistent narrative to shareholders—linking each transaction to long-term strategy and measurable outcomes. Transparency builds credibility, even when short-term earnings dilution occurs.

Consistent M&A strategies pay off. In their brief "How Companies Got So Good at M&A", Bain and Company presented evidence that 'frequent' acquirers have gained a performance advantage over 'infrequent' acquirers. To be precise, between 2012-2022, 'frequent' acquirers performed 130% better than 'infrequent' acquirers, measured by 10-year total shareholder returns. Moreover, this advantage seems to be expanding. Between 2010-2020, this the differential was 96%. Between 2000-2010, it was 57%.

Similarly, Boston Consulting Group illustrated in their 2025 M&A Report that serial acquirers outperform in both weak and strong economies by 3.6% and 9.9%, respectively, measured by 2-year total shareholder returns. Experienced acquirers conducted five or more deals in the past 3 years prior to the observed acquisition; inexperienced acquirers conducted no deals in the past 3 years.

Common Shareholder Concerns

Investor scepticism toward M&A is rational. Decades of empirical evidence show that poorly governed acquisitions destroy value, dilute management focus, and erode trust. We therefore encourage company leaders to treat investor confidence as a design constraint, not a communications exercise.

The core concern for investors is not whether a deal can work, but whether management can execute it repeatedly and predictably. This should be addressed through four disciplines:

1. Explicit Capital Allocation

Company leaders need to articulate, in advance, how M&A competes with organic investment, dividends, and buybacks for capital. This includes clear hurdle rates and ROIC targets, defined deal-size parameters, conditions under which M&A is paused or accelerated. This removes the perception of opportunism and frames acquisitions as policy-driven decisions.

2. Time-Bound Economic Accountability

Credible acquirers define when value must be visible. Synergies and growth assumptions are translated into milestones with fixed review points—typically 12, 24, and 36 months post-close. Misses are acknowledged early and corrected, not rationalised.

3. Governance Embedded in the Board Agenda

Boards that oversee M&A effectively do not debate transactions in isolation. They review aggregate exposure across deals, integration capacity constraints, cumulative return versus plan. This portfolio view reassures investors that risk is managed systemically, not episodically.

4. Incentives Aligned to Outcomes

Performances of integration leadership and senior sponsors are assessed on delivered returns, not deal completion. Compensation structures linked to ROIC and cash flow realisation materially improve execution discipline.

When these mechanisms are in place, investor dialogue shifts. M&A is no longer judged as a speculative bet, but as a governed process with bounded downside and repeatable logic. Predictability, not deal enthusiasm, is what ultimately builds shareholder credibility.

The Cost of Sitting Out the Game

Equally important is recognizing the risk of not using M&A. Companies that rely solely on organic growth may fall behind in capability development, miss consolidation opportunities, become acquisition targets themselves, or suffer valuation discounts due to strategic stagnation.

Sitting on the M&A sideline is generally a losing strategy. M&A is not a guarantee of success, but neither is avoidance. For CEOs and shareholders committed to sustained competitive advantage and accelerated value accretion, disciplined, strategy-led M&A is one of the most powerful tools available.

The winners will be those who approach M&A not as a transaction, but as a long-term corporate capability—executed with clarity, rigor, and accountability.

John Maynard Keynes once said that "it is a necessary part of the business of a banker to profess a conventional a respectability which is more than human. Life-long practices of this kind make them the most romantic and the least realistic of men."

M&A is no longer a banker's pondering of what can be possible. With all due respect to JMK, maybe it is time for company leaders to be romantic.

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Annex: Sector Context

We expect that M&A will be an instrument of strategic value creation in all of the six main industry sectors we cover. Below, we outline how M&A is essential in managing challenges and regional dynamics in Business Services, Communications, Consumer Goods and Services, Energy and Power, Financial Services and Technology.

Business Services

Consulting
Outsourcing/BPO
IT Services
Facilities/HR Services

Communications

Mobile and Fixed Operators
Network Infrastructure,
Related Services

Consumer Goods and Services

FMCG/CPG
Retail
Hospitality
Leisure
B2C services

Energy and Power

Oil & Gas
Power Generation, Transmission & Distribution
Renewables/Clean Tech

Financial Services

Banking
Payments
Insurance
Asset/Wealth Management
Capital Markets

Technology

Hardware
Software
Semiconductors
Emerging Tech (AI, cloud, IoT, etc.)

Sector Outlook: Business Services

The Business Services sector remains one of the most active and resilient areas for global M&A, driven by sustained corporate demand for outsourcing, operational efficiency, and technology-enabled service delivery. As companies continue to rationalize cost structures and prioritize digital transformation, advisory, IT services, and business process outsourcing platforms are seeing strong consolidation, particularly among private equity-backed roll-ups.

Deal activity is especially pronounced in North America and Western Europe, with growing momentum in the Middle East as governments and large corporates invest heavily in transformation and modernization initiatives.

Consulting
Outsourcing/BPO
IT Services
Facilities/HR Services

Growth Drivers

- Corporate focus on efficiency and variable cost structures leading to outsourcing of non-core functions (IT, finance, HR, customer service). Digital transformation, cloud migration, cybersecurity and data/AI workstreams that are too complex or scarce in talent to keep fully in-house.
- Globalization of mid-market and SME clients, who increasingly buy cross-border advisory, compliance, and managed services.

Expected Growth

- The "business services" cut of the market (digital/outsourced services) is forecast to grow from c. $0.27tn in 2025 to c. $0.92tn by 2030 (~28% CAGR), driven by tech-enabled services.
- Broader business products & services are expected to show high-single to low-double-digit growth overall, with consulting/outsourcing clearly outpacing traditional corporate services.

Key Challenges

- Margin pressure as clients demand outcome-based pricing and use RFPs to commoditise "standard" services.
- Talent shortages in high-value skills (AI, cybersecurity, data engineering, complex transformation).
- Automation/AI cannibalising traditional labour-intensive work, while requiring substantial capex and capability building.

Regional Dynamics

- North America & Western Europe: most mature demand, high pricing, intense competition (global consulting firms, global BPO players, Big 4, IT integrators).
- Asia-Pacific: fastest volume growth, driven by regional multinationals and offshoring hubs (India, Philippines, Eastern Europe as nearshore for EU).
- Middle East: strong demand for large-scale transformation, infrastructure and government-driven programs.

Source: PWC, Mordor Intelligence, Benchmark International.

Sector Outlook: Communications

The Communications sector is experiencing a renewed wave of infrastructure-led M&A as operators and investors reposition around fibre buildouts, tower monetization, and digital connectivity platforms. While core telecom revenues remain pressured, significant deal momentum is being driven by consolidation needs, carve-outs, and the rise of digital infrastructure as an institutional asset class.

Western Europe is a focal point given regulatory fragmentation and the push toward scale, while North America remains active in fibre and data centre adjacency. The Middle East is emerging as an important growth market through sovereign-backed digital infrastructure investments.

Mobile and Fixed Operators
Network Infrastructure,
Related Services

Growth Drivers

- 5G/5G-Advanced rollout, fibre penetration, and fixed-wireless access.
- Data usage growth (video streaming, gaming, IoT, AI workloads at the edge).
- Enterprise connectivity solutions (private networks, SD-WAN, cloud interconnect).

Expected Growth

- Telecom service revenues are projected to grow at c. 3% CAGR globally through 2028, slower than inflation in many markets.
- Profit pools rely heavily on cost optimisation, infrastructure sharing, and selective monetisation of premium connectivity and B2B solutions.

Key Challenges

- Revenue stagnation and commoditisation of core connectivity; difficulty raising prices.
- High and ongoing capex for spectrum, fibre, and 5G/6G, plus regulatory/coverage requirements.
- Competition from OTT players capturing much of the value created by connectivity.

Regional Dynamics

- Europe: highly competitive markets, tight regulation, price pressure; consolidation/M&A often constrained by regulators.
- North America: more rational competition, better ARPUs, strong cash generation but high capex.
- Asia-Pacific: wide dispersion - some highly saturated markets, others still experiencing strong subscriber and data growth.
- Emerging markets: structural growth in mobile data and basic broadband; capex/FX constraints can slow network upgrades.

Source: Deloitte, PWC, Infosys.

Sector Outlook: Consumer Goods and Services

M&A in Consumer Goods & Services is increasingly bifurcated between high-growth emerging market expansion and consolidation in slower-growing developed markets. Strategic buyers and sponsors are pursuing premium brands, health and wellness platforms, and digitally native consumer models, while traditional retail and FMCG players continue to optimize portfolios through divestitures and selective acquisitions.

Asia-Pacific represents the strongest structural growth region due to expanding middle-class consumption, while North America offers continued consolidation and distressed opportunities. The Middle East remains attractive for luxury, hospitality, and inbound consumer investment themes, creating targeted M&A opportunities.

FMCG/CPG
Retail
Hospitality
Leisure
B2C services

Growth Drivers

- Emerging-market middle classes, especially in Asia and parts of Africa, driving volume growth in FMCG, personal care, and discretionary spend.
- Shift to digital and omnichannel (e-commerce, D2C, marketplaces) and data-driven personalisation.
- Premiumisation in certain categories (health & wellness, sustainable products, luxury and "affordable luxury") even as mass-market trades down.

Expected Growth

- Consumer products companies overall face modest volume growth but are focusing on productivity and AI-enabled commercial excellence to sustain margins.
- Many forecasts see low-single-digit real growth in mature markets and high-single-digit or better in emerging markets; within this, faster growth in health and wellness, pet, beauty/personal care, and digital-native brands.

Key Challenges

- Sluggish real income growth and "value fatigue" after several years of price-led growth; consumers trading down, increasing private-label penetration.
- Input-cost volatility (commodities, freight, labour) and supply-chain resilience.
- Sustainability expectations - pressure to decarbonise supply chains, reduce plastic, and enable circularity (repair, reuse, recycling).

Regional Dynamics

- US & Europe: subdued volume growth, polarisation between value and premium segments, and strong retailer and private-label power.
- China: more cautious consumer sentiment post-COVID, but still large market with opportunities in premium, domestic brands, and digital and social commerce.
- Southeast Asia, India, parts of Africa: structural volume growth in FMCG and services tied to urbanisation and rising incomes.

Source: StartUp Insights, Deloitte, Bain & Company.

Sector Outlook: Energy and Power

Energy & Power is undergoing one of the largest capital and portfolio reallocation cycles in decades, driven by the global energy transition, electrification demand, and unprecedented investment in renewables, storage, and grid modernization. Utilities, integrated energy companies, infrastructure funds, and sovereign investors are actively reshaping portfolios through asset divestitures, platform acquisitions, and joint ventures.

Deal activity is strongest in North America and Europe, supported by policy incentives and decarbonization mandates, while Asia-Pacific continues to scale renewables rapidly. Advisory opportunities are particularly strong in cross-border capital flows and transition infrastructure structuring.

Oil & Gas
Power Generation, Transmission & Distribution
Renewables/Clean Tech

Growth Drivers

- Global decarbonisation commitments and net-zero transition - massive build-out of solar, wind, storage, and electrification (EVs, heat pumps, BESS).
- Electrification of transport and industry, rising electricity demand and the need for resilient grids.
- Government subsidies and policy frameworks (IRA in the US, EU Green Deal, Japan's GX 2040); e.g., Japan's new multi-year subsidies for clean-energy users.

Expected Growth

- BloombergNEF estimates annual grid investment needs of c. $811bn by 2030 to support net-zero pathways - almost triple recent levels.
- Renewables' share of power generation is targeted to rise sharply by 2030 across major economies; many markets are aiming for >60-70% renewables in their mix.
- Fossil fuel demand is expected to plateau and then decline under net-zero scenarios, though timing varies by scenario and region.

Key Challenges

- Grid congestion, permitting delays, and supply-chain constraints for renewables and transmission infrastructure.
- Policy uncertainty (changes in subsidies, carbon pricing, ESG rules) and community opposition to some projects (onshore wind, large solar).
- Capital allocation tension for integrated energy companies between legacy hydrocarbons and low-carbon growth businesses.
- Bankability issues due to new technologies and long distance to cash flows.

Regional Dynamics

- Europe & UK: aggressive decarbonisation targets; strong support for renewables and storage but constrained by permitting and grid bottlenecks.
- US: major investment wave following the Inflation Reduction Act; strong pipeline in solar, wind, hydrogen and batteries.
- China & India: large absolute growth in both renewables and, in the near term, fossil generation; grid and air-quality concerns driving policy.
- Middle East: diversification into renewables and hydrogen while still heavily reliant on hydrocarbons export revenues.

Source: IEA, Ember Energy, Reuters, Bloomberg NEF.

Sector Outlook: Financial Services

Global M&A in Financial Services is being shaped by structural shifts in payments, wealth management, and digital banking, alongside regulatory-driven consolidation in mature markets. Traditional banks and insurers are pursuing scale and efficiency through mergers, while fintech and payments platforms remain key acquisition targets for strategic buyers and sponsors seeking growth exposure.

Asia-Pacific stands out as a major engine of expansion due to rising wealth and digital adoption, while North America continues to see strong deal flow in payments and asset management. Cross-border capital and regulatory complexity create meaningful M&A opportunities.

Banking
Payments
Insurance
Asset/Wealth Management
Capital Markets

Growth Drivers

- Continued shift to digital payments (cards, wallets, instant payments) and embedded finance.
- Rising wealth in Asia and parts of the Middle East leading to increased demand for asset and wealth management.
- Regulatory and capital reforms in markets such as Japan, India, and parts of Europe, unlocking restructuring and M&A.

Expected Growth

- The global financial services market is expected to reach c. $47.6tn by 2029, with an approximate 7% CAGR from the mid-2020s.
- Payments and fintech sub-segments typically grow high-single to mid-teens annually, while traditional banking and insurance grow more slowly (low- to mid-single-digits) in mature markets.

Key Challenges

- Margin compression from higher funding costs, stricter capital requirements, and fee pressure.
- Legacy infrastructure vs. need for modern cloud-based, API-driven, AI-enabled systems.
- Cybersecurity and operational resilience expectations from regulators and clients.
- Non-bank competitors (next generation lenders, big tech, payment platforms), especially in consumer and SME segments.

Regional Dynamics

- Stabilising NIMs in the European markets and the US but regulatory intensity remains high; strong focus on cost reduction, consolidation, and wealth/fee-based revenue.
- Asia-Pacific: fastest structural growth in retail banking, payments, and wealth; regulatory frameworks generally tightening but still supportive of innovation.
- Middle East & Africa: high growth in financial inclusion, digital payments, Islamic finance and infrastructure and project finance.

Source: The Business Research Company, Altus Consulting, Deloitte.

Sector Outlook: Technology

Technology continues to represent the deepest and most strategic M&A market globally, underpinned by accelerating investment in AI, cloud infrastructure, cybersecurity, and vertical software. Both strategic acquirers and financial sponsors remain focused on consolidating fragmented software segments and securing critical capabilities in data, automation, and next-generation compute.

North America leads in platform-driven activity, while Europe provides attractive industrial and cyber assets. Asia-Pacific is increasingly central through semiconductor supply chains and IT services expansion, making the sector a core arena for cross-border deal origination and execution.

Hardware
Software
Semiconductors
Emerging Tech (AI, cloud, IoT, etc.)

Growth Drivers

- Enterprise and government AI adoption (GenAI, automation) on top of long-running cloud, SaaS and cyber trends.
- Need to modernise legacy IT across all verticals, plus rising cyber threats.
- Semiconductors and compute demand from AI, 5G/6G, EVs, and industrial automation.

Expected Growth

- Worldwide IT spending is forecast to grow around 8% in 2025 to c. $5.4tn, with software and IT services the fastest-growing components.
- Most outlooks see high-single to low-double-digit annual growth for cloud, cybersecurity, data and AI platforms and vertical SaaS through 2030.

Key Challenges

- High capex intensity for AI infrastructure; recent data show record tech bond issuance to fund AI investment, with rising leverage and investor caution.
- Regulatory scrutiny on data privacy, antitrust, AI safety, and digital markets.
- Cyclical demand in consumer hardware and devices; geopolitical risk in semiconductor supply chains.

Regional Dynamics

- US: dominant in cloud, large platforms, AI models and hyperscale infrastructure.
- Europe: strong in industrial software, OT and IT convergence, and regulation-driven privacy and security; productivity gap vs US still a concern.
- Asia (China, Taiwan, Korea, Japan, India): critical in hardware/semis, increasingly strong in cloud and AI infrastructure, and global IT services.

Source: Deloitte, McKinsey, Gartner.

Sector Outlook: Cross-cutting Themes

1. Digital & AI as a horizontal driver	Reshaping cost structures and products in business services, financial services, tech, telecoms, and consumer sectors; also transforming grids and demand forecasting in energy.
2. Regulation and Policy	Capital rules and conduct in financial services; data/AI and digital markets in tech and communications; decarbonisation and grid policy in energy; ESG and consumer protection in CPG. Foreign policy-driven reshaping of global trade relationships.
3. Regional Divergence	Faster structural growth and under-penetration in Asia, Middle East and parts of Africa, versus slower, more mature but high-value markets in North America and Europe.
4. Consolidation and Portfolio Optimisation	Across all sectors, companies are shedding non-core assets and doubling down on high-growth, capital-efficient segments, supporting a strong pipeline for carve-outs and strategic M&A.

Source: Deloitte, McKinsey, Reuters, Benchmark International, Bain & Company.

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