

FINANCIAL SERVICES:

# Growth with Discipline

2026 Private Equity Survey  
Financial Services Spotlight



# Financial Services investors are balancing growth ambitions with disciplined risk management and operational execution.

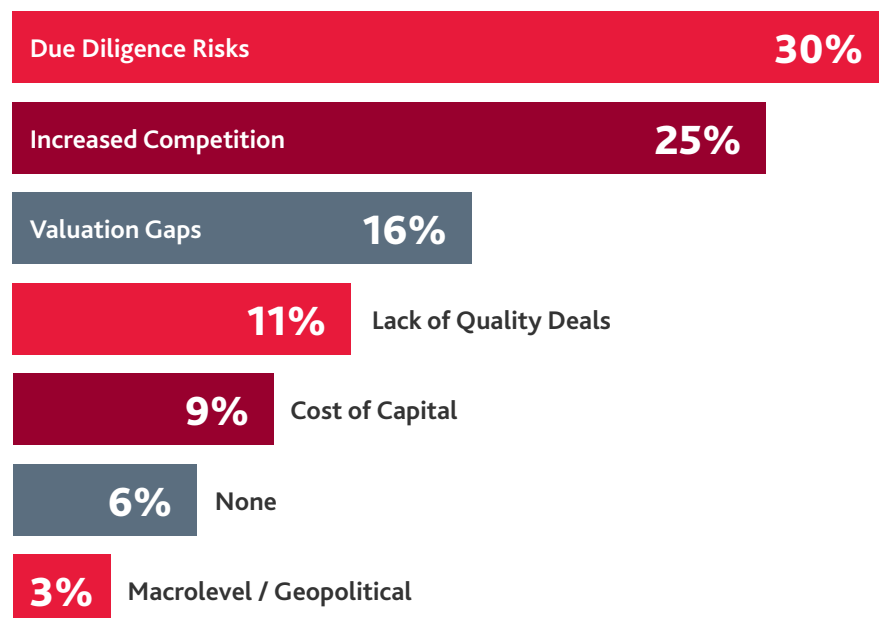
Private equity (PE) firms investing in the financial services industry continue to pursue growth opportunities, but the path to deployment remains shaped by evolving risk management concerns, ongoing talent constraints, and emerging value creation priorities. While sponsors remain active in the market, they are approaching transactions with a heightened focus on diligence, operational performance, and cash flow optimization. Findings from BDO's 2026 Private Equity survey reveal an industry that remains growth-oriented but is placing a higher degree of emphasis on execution, portfolio resilience, and maintaining flexibility in a dynamic market environment.



## FINDING # 1

### Firms Balance Growth with Risk Management

What is the top challenge you are facing when it comes to deploying capital?



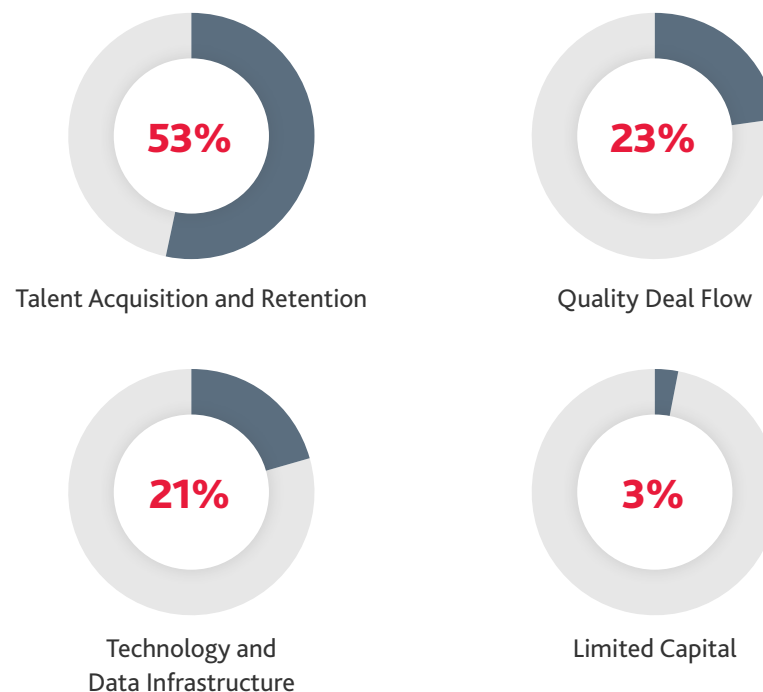
#### Analysis

- ▶ PE firms investing in financial services companies continue to deploy capital, but diligence concerns, (e.g., cybersecurity concerns, financial information and liabilities, tax exposure, operating performance, litigation, etc.) remain a significant hurdle. Nearly one-third of respondents (30%) cite risk exposure uncovered during due diligence as their top challenge to deploying capital, followed by increased competition from other buyers and investors (25%).
- ▶ While competition for assets remains intense, investors are working hard to identify and mitigate risks before committing capital. The combination of diligence concerns, competition, and valuation challenges reflects a market where disciplined underwriting will be critical to successful deployment.

## FINDING # 2

### Growth is Not Limited by Capital, but by Talent

What internal capability is most limiting your firm's ability to execute deals at speed?



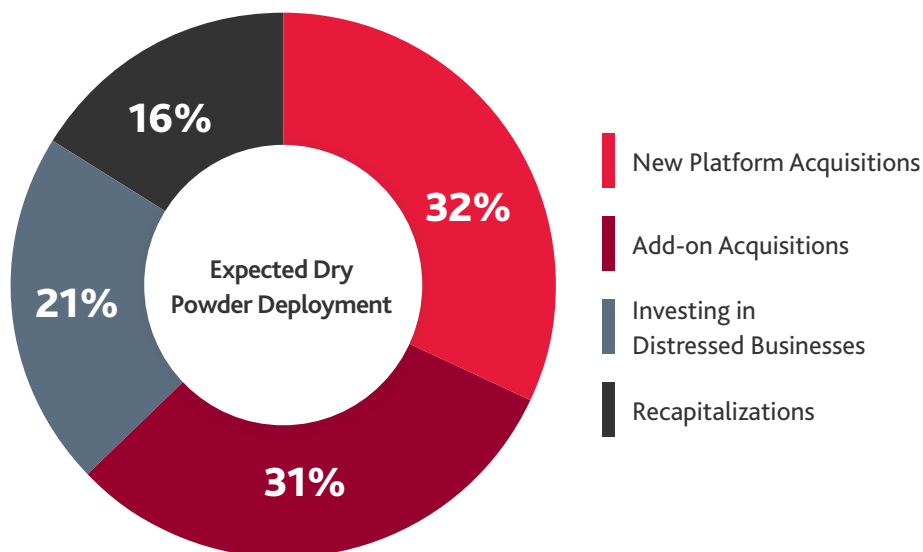
#### Analysis

- ▶ Talent challenges stand as the most significant internal constraint facing financial services investors. More than half of respondents (53%) identify finding and retaining the right people at both the fund and portfolio company level as the primary factor limiting execution speed.
- ▶ By comparison, access to quality deal flow (23%) and technology and data infrastructure (21%) trail significantly behind. The findings reinforce the importance of human capital as firms compete to source deals, execute value creation plans and drive portfolio performance.

## FINDING # 3

### Financial Services Investors Diversify Growth Avenues

In the NEXT year, what is the primary way you anticipate your firm will deploy your dry powder?



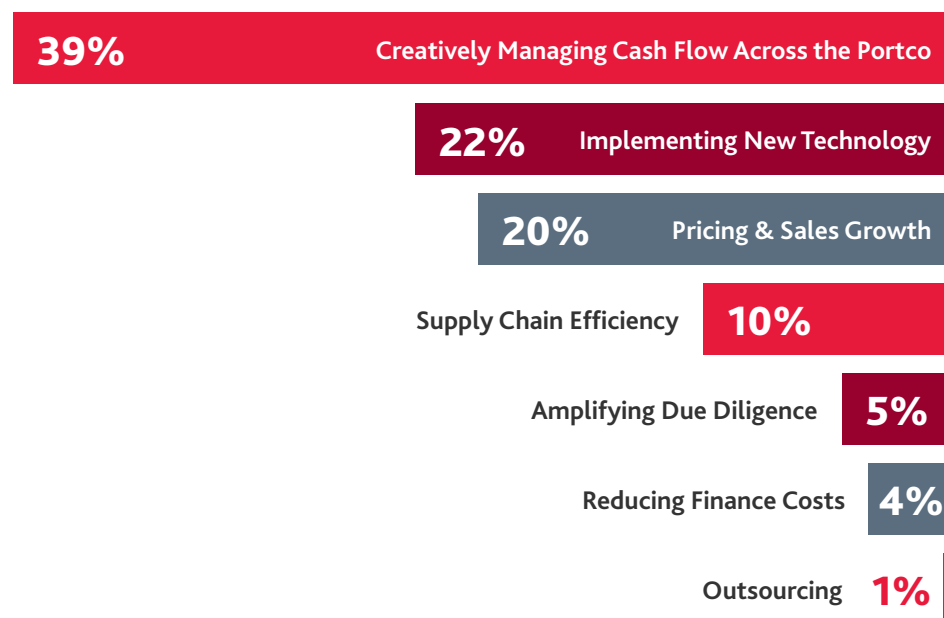
#### Analysis

- ▶ PE firms investing in financial services are taking a balanced approach to capital deployment. New platform acquisitions remain the leading strategy (32%), closely followed by add-on acquisitions (31%). Significant shares of investors also continue to see opportunity in distressed situations (21%) and recapitalizations (16%).
- ▶ Unlike other industries, where interest is heavily concentrated around a single deployment strategy, financial services investors are pursuing multiple avenues for growth. The distribution suggests sponsors are prioritizing flexibility while seeking opportunities across a range of market conditions.

## FINDING # 4

### Cash Flow Management Leads the Financial Services Value Creation Agenda

Which of the following value creation strategies do you feel would have the most impact this year?



#### Analysis

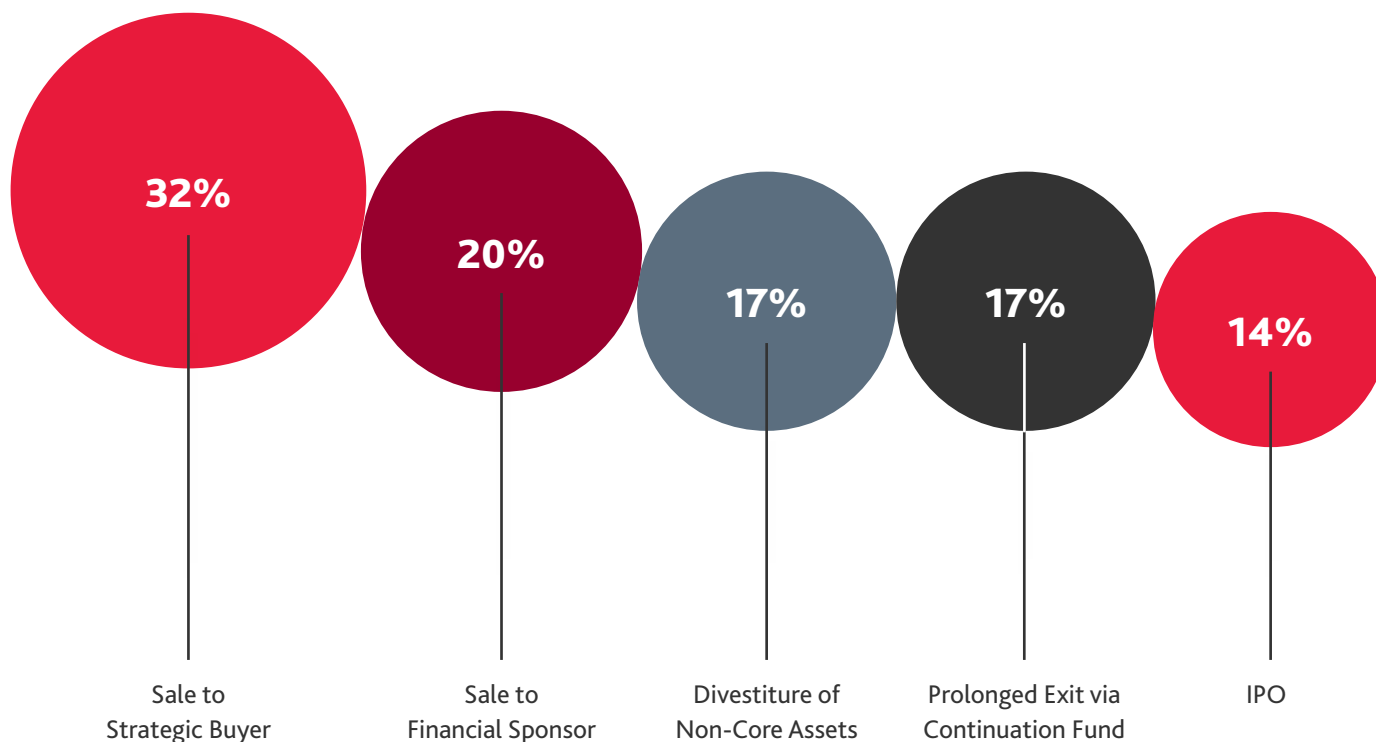
- ▶ Cash flow optimization has emerged as the leading value creation priority among financial services investors. Nearly four in ten respondents (39%) identify creatively managing cash flow across portfolio companies as the strategy most likely to deliver impact this year.
- ▶ Technology investments, including artificial intelligence (AI) and digital capabilities, rank second (22%), followed by pricing and sales growth initiatives (20%). Together, these findings indicate that investors are balancing operational discipline with growth-oriented initiatives as they seek to enhance portfolio performance.

\*Totals may not equal 100% due to rounding.

## FINDING # 5

### Financial Services Investors Prioritize Exit Flexibility

Top path you will pursue for your exits in the next 12 months.



#### Analysis

- ▶ PE firms investing in financial services are maintaining flexibility across multiple exit pathways rather than relying on a single route to liquidity. Survey respondents most frequently cite sales to strategic buyers (32%) as their top exit path, followed by sales to financial sponsors (20%).
- ▶ The relatively tight spread across exit strategies suggests investors are preparing for a variety of market scenarios while still seeking to capture all possible value realization opportunities. Flexibility and optionality will likely be central themes in exit planning over the coming year.



# BDO's Take

**Methodology:** BDO's *2026 Private Equity Survey*, conducted by Rabin Roberts Research, polled 400 U.S. PE fund managers and operating partners in May 2026. This spotlight reflects responses from 193 PE firms that invest in financial services.

Financial services investors remain focused on growth, but a greater emphasis on disciplined execution is shaping decision-making across the investment lifecycle. Diligence risk remains firms' leading deployment challenge and talent is their most significant execution constraint. In the face of these challenges, sponsors are pursuing multiple growth and exit strategies simultaneously. Meanwhile, cash flow management has emerged as the industry's top value creation priority, highlighting a continued emphasis on operational performance and portfolio resilience.

**See the full picture. Explore insights from all 400 respondents in the 2026 Private Equity Survey. ►**

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