SRM Perspectives

Navigating a Resurgence of Mergers and Acquisitions Among U.S. Financial Institutions

Sector Trends, Drivers & Strategic Considerations for 2025

The US financial institution (FI) sector is undergoing a transformative period, with mergers and acquisitions (M&A) materializing as a pivotal strategy to drive business growth, and address mounting economic, technological, and regulatory pressures.

Until recently, inflationary risks and high interest rates have pressured bank valuations, creating uncertainty in deal making. While these risks have put pressure on FI valuations, equity values have improved as the Federal Reserve has begun lowering rates.

The drive for scale, cost efficiency, and technological competitiveness has fueled a resurgence in consolidation, reshaping the competitive landscape. For bank and credit union executives, a nuanced understanding of M&A trends, drivers, and implications is critical to making informed strategic decisions that ensure resilience and growth.

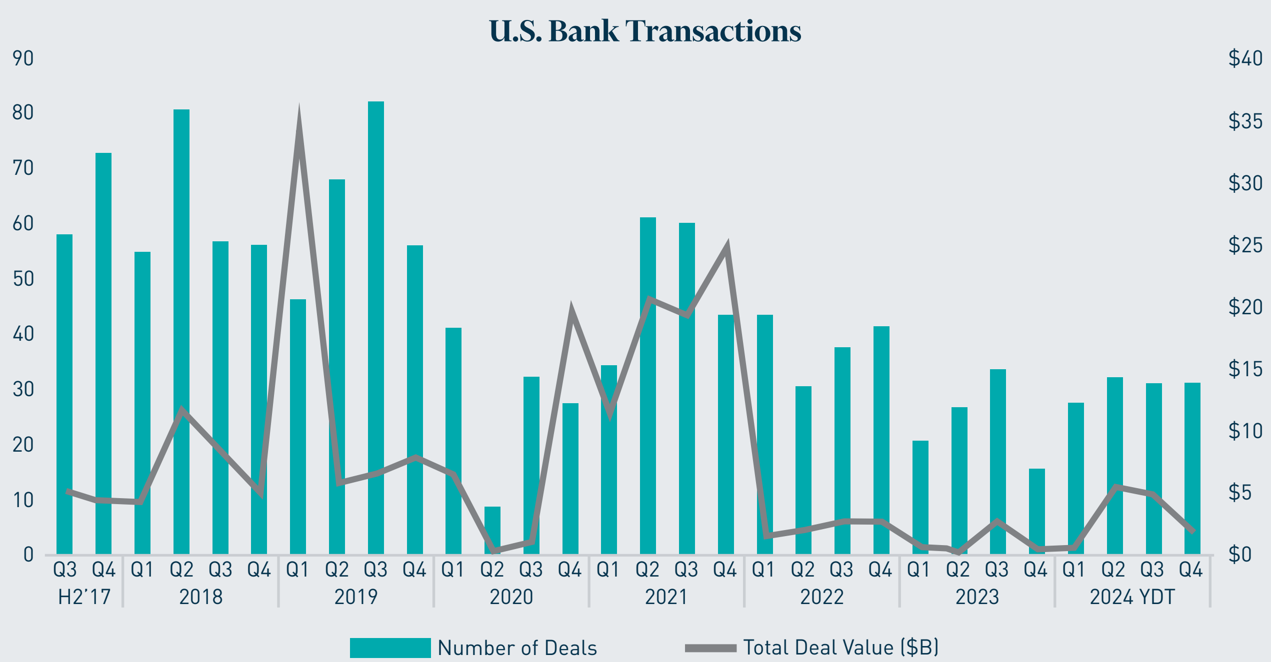
This SRM Perspectives Report offers a detailed exploration of M&A activity, drawing on data from the Federal Reserve, NCUA, S&P Global Market Intelligence, and other authoritative sources. It provides a historical perspective, dissects the evolving regulatory framework, and elaborates on the drivers fueling consolidation. Special attention is given to credit unions' unique dynamics, the transformative role of scale in cost management and data analytics, and the influence of external forces like fintech disruption and private equity. This analysis aims to equip executives with actionable insights to navigate the complexities of M&A in 2025 and beyond.

Historical Trends in M&A Activity

Banking Sector

The US banking sector has been shaped by M&A, with consolidation reducing the number of institutions from over 14,000 in the 1980s to roughly 4,000 today (FDIC Quarterly Banking Profile, 2024). This decline reflects a decades-long trend of mergers driven by the pursuit of scale, market share, and operational efficiency.

While M&A activity dipped post-pandemic (deal volume in 2024 was 80% below pre-COVID highs of 2019), a rebound is underway. By November 2024, 108 bank mergers were announced, with a shift toward high-value, transformative deals (S&P Global Market Intelligence).



Source: *S&P Global Marketing Intelligence, actuals through Jan. 1,2025*

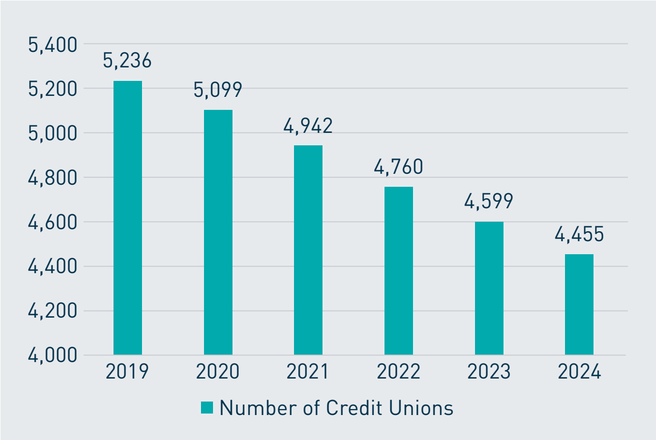
In 2024, deal values surged despite fewer transactions. Strategic acquisitions totaled $11.42 billion across 93 deals by Q3, compared to $432.8 million across 20 deals in Q1 2023. The year's showcase deal: Capital One's $35.3 billion bid for Discover Bank would, if approved, vault Capital One to the fifth-largest US bank by assets, behind only J.P. Morgan Chase, Bank of America, Wells Fargo, and Citigroup (Federal Reserve data).

Consolidation has concentrated assets among the largest banks. In 1980, the top five banks held 12% of US banking assets; by 2024, they controlled over 40% (Federal Reserve). Smaller banks (under $10 billion in assets) now account for just 15% of total assets, down from 30% in 2000, highlighting the competitive disadvantage of limited scale.

Credit Union Sector

Credit unions mirrored banking's consolidation trend, albeit with distinct dynamics. From over 23,000 institutions in 1970, the number has fallen to approximately 4,455 by 2024 (NCUA).

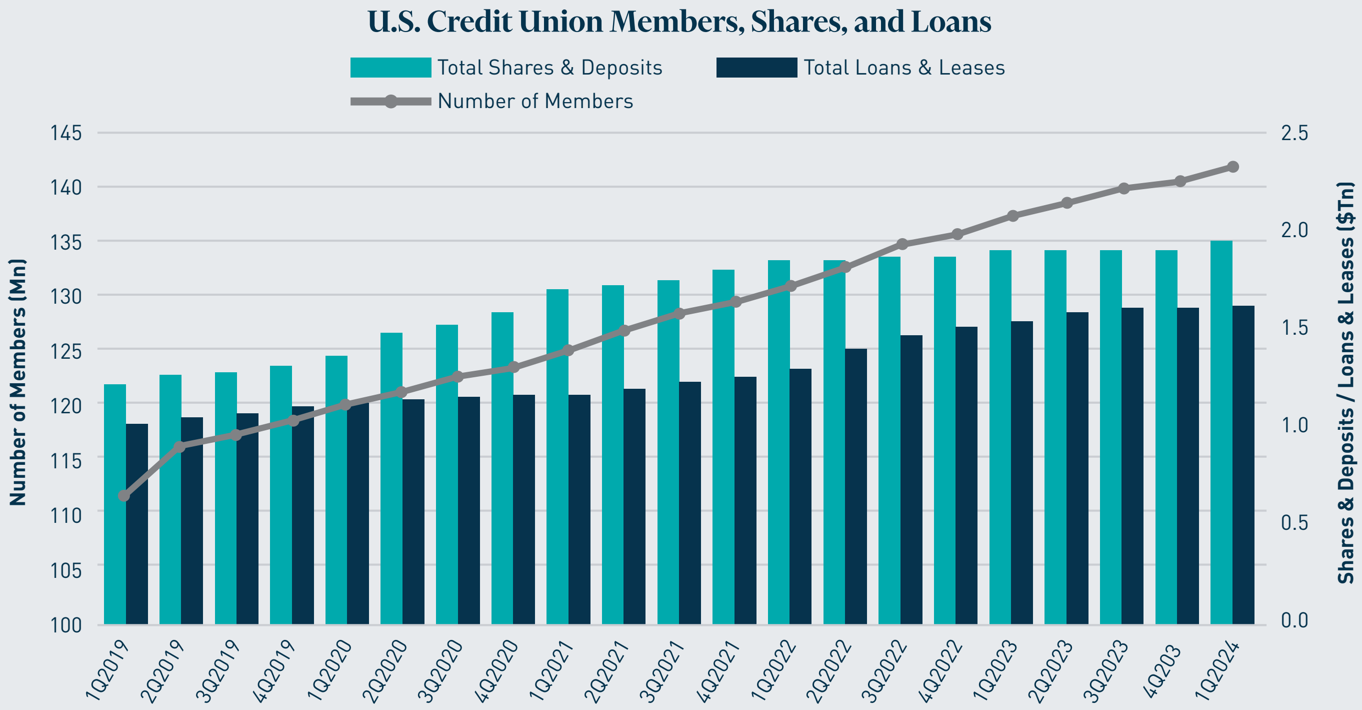
Yet, unlike banks, credit unions have seen robust growth in membership and assets. Membership has soared from 12 million in 1970 to over 130 million in 2024, while assets have ballooned from $18 billion to $2.2 trillion (NCUA Annual Report, 2024).



Source: *NCUA*

Until recently, this paradox—fewer institutions serving more members with greater assets—was primarily driven by the widespread adoption of indirect lending. Beginning in the mid-1990s, credit unions saw a significant increase in both membership and loan volume as indirect lending became a key growth strategy. More recently, however, mergers and acquisitions have emerged as a successful means of scaling operations while maintaining the cooperative model.

In 2024, 133 credit union mergers were announced (162 being the final number in 2024), aligning with 145 in 2023 and 163 in 2022. Asset size drove deal values higher, with $27.5 billion in assets merged in 2024, compared to $9.8 billion in 2023 and $6.8 billion in 2022 (S&P Global



Source: *KBRA Financial Intelligence (KFI)*

Market Intelligence). The year's largest merger: First Tech Federal Credit Union's $12 billion combination with Digital Federal Credit Union will create (subject to regulatory approvals) a powerhouse with over $28 billion in assets and 1.5 million members, rivaling some mid-sized banks.

For many smaller institutions, merging with larger counterparts offers a lifeline. Consolidation provides greater access to the technological and human resources needed to navigate the increasingly competitive financial services industry. This dynamic is particularly pronounced among credit unions, which often operate on slimmer margins than traditional banks.

In 2023, the average credit union involved in a merger was between $20 million-$40 million in assets and growing for 2024 but this data hides a growing trend for credit union "Merger of Peers" activity among several larger credit unions.

A striking trend is credit unions' acquisition of banks, up 50% in 2024. This is significant as bank acquisitions by credit unions are prohibited in many states. Otherwise, we might have seen even more activity. The trend is a lightning rod for controversy in the banking industry, whose representatives argue that credit unions, due to their tax-exempt status, have an unfair advantage in the M&A market. (Independent Community Bankers of America, 2024). But advocates of these deals note that the banks are willing sellers, and that these acquisitions happen only because banks can't find other banks to merge with in their markets. (American Banker)

Examples include:

- **$6.9B Hudson Valley Credit Union purchase of $593M Catskill Hudson Bank,** expanding its business banking offering with an additional commercial book of business
- **$3B Advia Credit Union purchase of $255M Northside Community Bank,** expanding their footprint in Michigan, Illinois, and Wisconsin
- **$11.8B Global Credit Union's purchase of $215M First Financial Northwest Bank,** enhancing its digital banking capabilities
- **Gesa Credit Union's $606 million bid for Security State Bank,** expanding its Washington State footprint

Regulatory Landscape: Constraints and Opportunities

Historical Evolution

Regulation has long influenced M&A trajectories, with some of the key legislative milestones including:

- **Riegle-Neal Interstate Banking Act (1994)**: Permitted interstate branching, triggering a wave of regional consolidation. Between 1994 and 2000, over 3,000 bank mergers occurred (FDIC).
- **Gramm-Leach-Bliley Act (1999)**: Repealed Glass-Steagall, enabling diversified financial conglomerates. Citibank merging with the Travelers Group with Citigroup exemplifies this era.
- **Dodd-Frank Act (2010)**: Post economic-crisis reforms imposed stringent capital and stress-testing requirements, particularly for banks over $50 billion in assets, slowing M&A activity

Recent Tightening (2024)

Regulatory agencies including the Federal Reserve, OCC, FDIC, NCUA, and DOJ wield significant approval authority.

In September 2024, many of the regulators tightened oversight:

- **FDIC**: Required public hearings for mergers creating entities over $50 billion and deeper reviews for those exceeding $100 billion, citing systemic risk concerns
- **OCC**: Enhanced scrutiny for Global Systemically Important Banks (G-SIBs) and deals yielding institutions over $50 billion, emphasizing capital adequacy
- **DOJ**: Updated 2023 Merger Guidelines prioritized competition, rejecting deals that reduce market choice (e.g., TD's $13.4 billion First Horizon bid stalled in 2023)

These policies extended review timelines by 3-6 months, reducing deal activity. Only 25% of 2024 deals exceeded $1 billion, down from 40% in 2019 (S&P Global Market Intelligence).

A New Dawn (2025)

Over the last few years, we heard from many executives and boards that due to regulatory uncertainty, they preferred to focus on internal technology and process improvements to gain efficiencies versus long, drawn-out processes that could potentially fail to complete, like the TD and First Horizon merger announced in 2022 and terminated in 2023. The pro-business administration assuming power in January 2025 promises deregulation, potentially reversing some of the increasing regulation trends we observed in final months of the prior administration.

Historical parallels, like the 2018 rollback of Dodd-Frank provisions under President Trump (which spurred a slight M&A uptick), suggest we will see streamlined approvals and relaxed capital rules. Thus, we are likely to see some rollback of the 2024 FDIC proposal that created more scrutiny of bank mergers. Impacts could include:

- **Faster Approvals**: Reducing review times to 90–120 days from 180+ days

- **Higher Deal Thresholds**: Less scrutiny for deals under $100 billion

Capital One's $35.3 billion Discover Bank bid, pending from February 2024, could test this shift. Approval would signal a green light for larger transactions, unlocking a backlog of mid-sized bank deals.

Strategic Drivers Behind M&A

M&A accelerates strategic goals unattainable through organic growth. Detailed drivers include:

- **Growth and Market Expansion**: In 2025, regional and community banks will look to merge with institutions outside their immediate service areas, driven by the need to diversify their product/revenue streams and mitigate localized economic risks.
  - **Geographic Reach**: For example, the 2023 BMO Harris's Bank of the West acquisition added 1.8 million customers across eight states, bypassing years of branch-building. Similarly, Wescom Credit Union and Central Coast Federal Credit Union's merger in 2024 expanded geographic reach adding 24 branches throughout Southern California.
  - **Product Diversification**: The 2022 First Citizens' CIT Bank purchase deepened expertise in equipment financing and factoring, broadening revenue streams
- **Cost Efficiency via Scale:**
  - Larger banks achieve economies of scale, reducing cost-to-income ratios. Broadly, larger banks (over $10 billion) tend to report cost-to-income ratios in the 50–60% range, with top performers dipping below 50%, while smaller banks (under $10 billion) often hover between 55–65%. The gap reflects scale advantages for bigger institutions, tempered by their higher regulatory and operational overhead.
  - Post-merger savings often exceed 20%, as seen in PNC's $11.6 billion BBVA USA deal (2021), which cut overlapping costs by $900 million annually
- **Technology Access:**
  - Smaller banks and credit unions struggle with tech investments. Mergers provide instant access, as in Global Credit Union's acquisition of First Financial Northwest Bank, which upgraded its digital platform. Likewise, the merger of Digital Federal Credit Union (DCU) and First Tech Federal Credit Union, at deal close, will provide members with an unrivaled digital experience and a coast-to-coast branch network with expanded service hours.
  - Tech-driven mergers boost customer acquisition by 10–15%

Mergers by Primary Reason (2017-2021)

Primary Merger Reason	Assets of Merged Credit Unions	# Of Mergers	% Of Mergers	Average Asset Size	Involuntary	Voluntary
Expanded Services	$25,490,689,714	624	76.00%	$40,850,464	6	618
Poor Financial Condition	$2,529,957,203	102	12.42%	$24,803,502	9	93
Inability to Obtain Officials	$544,986,792	24	2.92%	$22,707,783	0	24
Lack of Sponsor Support	$304,602872	22	2.68%	$13,845,585	0	22
Loss/Declining FOM	$67,050,627	13	1.58%	$5,157,741	1	12
Poor Management	$379,552,494	12	1.46%	$31,629,375	1	11
Lack of Growth	$639,588,527	12	1.46%	$53,299,044	0	12
Conversion to or Merger with FISCU	$129,704,893	7	0.85%	$18,529,044	0	7
Conversion to or Merger with NFICU	$72,335,686	3	0.37%	$24,111,895	0	3
Conversion to or Merger with FCU	$2,761,203	1	0.12%	$2,761,203	0	1
Corporate Restructuring	$1,528,428,718	1	0.12%	$1,528,428,718	0	1
Totals	**$31,689,658,729**	**821**		**$38,598,854**	**17**	**804**

Source: *2024 NCUA Merger Study*

- **Talent Acquisition:**
  - The financial services sector faces a "war for talent," with 30% of executives nearing retirement. And a 2023 FDIC report noted that 38% of its workforce — about 2,200 out of 5,800 employees — could retire by 2027.
  - Mergers secure specialized skills — e.g., CIT Bank brought First Citizens 200+ middle-market experts
- **Data Analytics Edge:**
  - Larger datasets enhance analytical decision making, testing of new products and offers, and support AI applications:
    - Fraud Detection: Reduces losses by 40% (Nvidia)
    - Credit Scoring: Improves approval accuracy by up to 20%
    - Marketing: Increases cross-sell ratios by 15–30% (Salesforce)

For credit unions, NCUA data shows 76% of mergers target service expansion, 12.4% address financial distress, and 2.9% seek talent. First Tech's planned merger with Digital Federal will preserve member-focused values while doubling tech capacity.

The Linchpin of Scale: Cost and Analytics

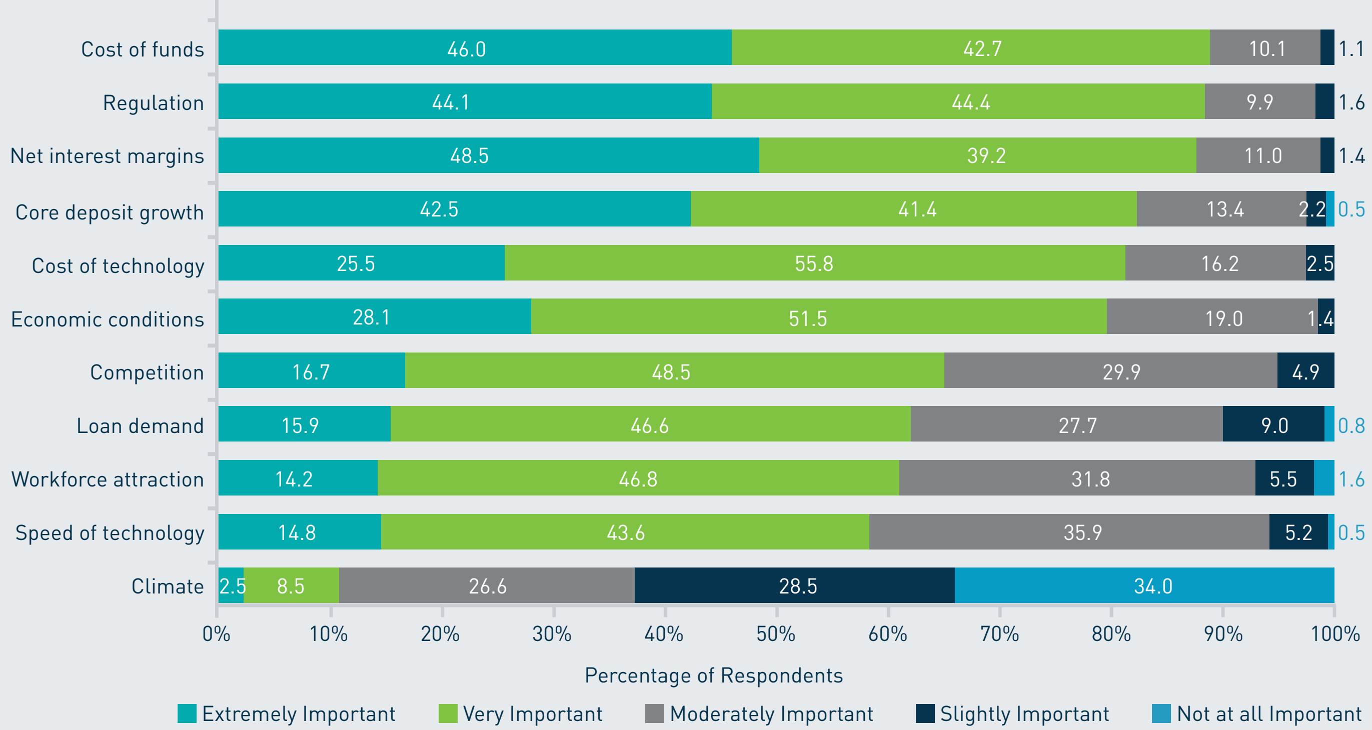
Cost Structure Benefits

Scale is an important factor in providing advantages from data analytics and keeping costs in check. Most fixed costs can be spread across a larger client base, improving per unit costs.

ScienceDirect (2023) confirms branch-level economies peak at $1-$10 billion in assets, with diminishing returns beyond $50 billion due to complexity. Compliance costs, averaging $50 billion industry-wide (Forbes, 2021), hit smaller FIs hardest, consuming 3–5% of operating budgets versus 1–2% for larger peers. Scale helps. A recent survey of community bankers highlights cost of funds, regulation, and net interest margins as the most important external risks facing their institutions.

Furthermore, mergers driven by financial distress generate significantly larger increases in earnings compared to both non-merging FIs as well as expanded services mergers. An added benefit of distressed mergers is the transfer of credit risk to healthier institutions that are more able to absorb potential loan defaults. (Journal of Economics and Finance)

How important are the following external risks to your bank today?



Source: *2024 CSBS Annual Survey of Community Banks*

Data Analytics Advantage

Scale amplifies data's value. Larger institutions use:

- **Credit Risk:** More data refines models, cutting defaults by 5–10% (Federal Reserve)
- **Customer Segmentation:** Personalized offers lifts in revenue 10–15%
- **Fraud Detection:** AI reduces losses by 20%, critical as fraud rose 30% since 2020 (Saxon.ai)

A $10 billion bank with 2 million customers can analyze 10x more transactions than a $1 billion bank, sharpening predictive accuracy.

Economic Pressures: Interest Rates and Compliance

Interest Rate Environment

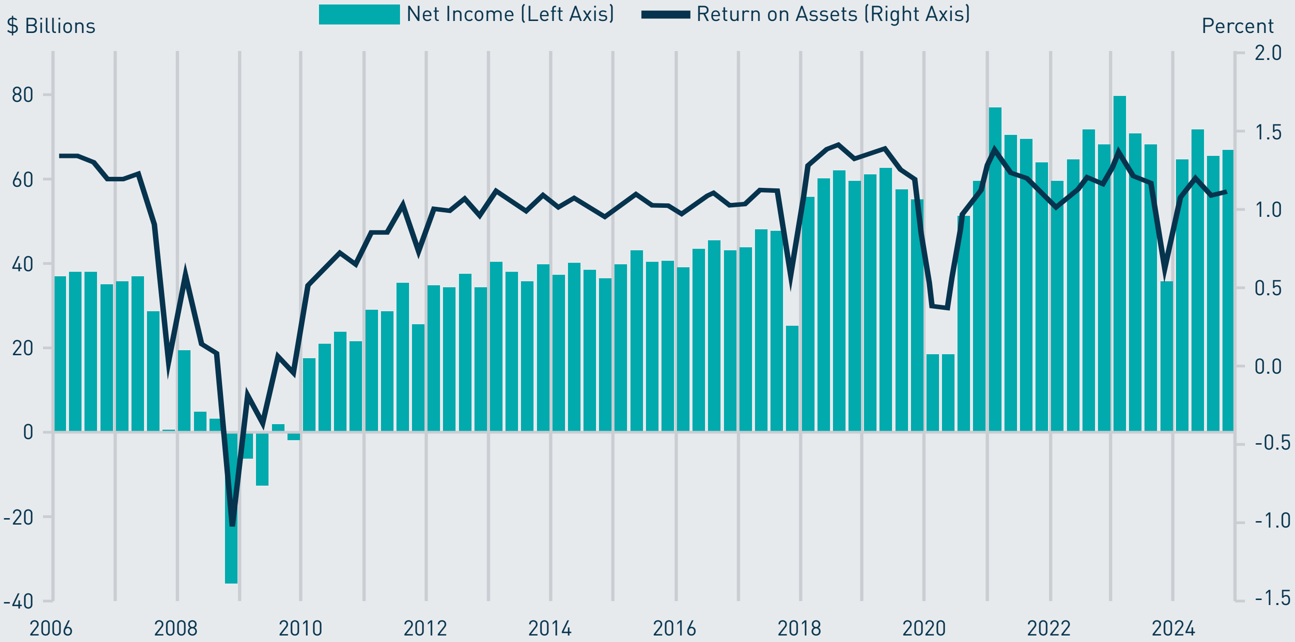
THigher rates often benefit net interest margins for larger, well-capitalized institutions, but smaller banks and credit unions can find it increasingly difficult to compete. Smaller institutions rely more heavily on deposit-centric business models and fixed-rate loan portfolios, which tend to underperform in high-rate environments. While larger institutions can diversify their income streams to weather the pressures of rising rates, small and mid-sized FIs are focused on increasing economies of scale, implementing new technology to improve efficiencies, reducing overhead costs, and finding a broader customer base. These changes can often be realized more quickly via M&A.

High rates (4–5% projected for 2025, Federal Reserve) favor larger FIs:

- **Net Interest Margin (NIM):** Smaller FIs, with higher loan-to-deposit ratios (80–90%), see NIMs shrink as deposit costs rise (3% vs. 1% in 2021). Larger FIs, with diversified income (e.g., 40% fee-based), maintain NIMs above 3%.
- **Capital Buffers:** Big banks weather rate hikes with tier-1 capital ratios of 12–14%, versus 9–11% for small banks (FDIC, 2024)

In 2024, there was some improvement with commercial banks and savings institutions. Reports from 4,487 commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported a return on assets (ROA) ratio of 1.11 percent and aggregate net income of $66.8 billion in fourth quarter 2024, an increase of $1.5 billion (2.3 percent) from the prior quarter. An increase in net interest income drove the quarterly increase in net income. Pressure to continue growing via M&A continues – especially for smaller institutions that have struggled with profitability.

Quaterly Net Income



Source: *2024 CSBS Annual Survey of Community Banks (FDIC, February 2025)*

Compliance Costs

Regulatory burdens — 2,300+ pages from Dodd-Frank — cost smaller banks 2.5% of expenses, versus 1.5% for larger banks (Federal Reserve).

Examples:

- **BSA/AML:** $2-5 million annually for small banks, scalable for larger ones
- **Stress Testing:** Mandatory for banks over $10 billion, but optional costs cripple smaller peers

Mergers dilute these expenses, as seen in credit unions averaging $20-40 million in assets pre-merger (NCUA).

Outlook: A Resurgent M&A Market

Deregulation in 2025 could spark an M&A boom:

- **Streamlined Approvals:** Cutting delays from 180+ to 90 days could double deal volume
- **Mega-Mergers:** PNC ($557 billion) and U.S. Bancorp ($683 billion) could merge, forming a $1.2 trillion entity under laxer rules
- **Credit Union Surge:** Bank acquisitions by credit unions may hit $10 billion annually in assets acquired, though banks may lobby against these deals

Unique Considerations for Credit Unions

- **Lending Caps:** Under the Federal Credit Union Act, as amended by the Credit Union Membership Access Act of 1998, most credit unions are limited to lending no more than the lesser of 1.75 times their net worth or 12.25% of their total assets for business loans. Mergers can significantly boost this capacity by increasing net worth and assets. When a credit union acquires another institution like a bank or another credit union its capital base often grows, either through retained earnings of the acquired entity or restructured balance sheets post-merger. Take Pima Federal Credit Union's acquisition of Republic Bank of Arizona. Pre-merger, Pima had $1.2 billion in assets and $849 million in loans as of March 31, 2024. Republic Bank added $279 million in assets and $200 million in loans, pushing Pima's total assets past $1.5 billion. Assuming Pima's net worth was around 10% of assets pre-merger (a typical range for healthy credit unions), that's $120 million. Post-merger, if net worth scaled proportionally or absorbed Republic's equity (say, $25-$30 million), it could rise to $150 million or more. At 1.75x, that lifts Pima's MBL cap from $210 million to $262.5 million – a 25% jump.
- **Member Focus:** Credit unions often aim to deliver lower loan rates and higher deposit yields than banks due to their not-for-profit, member-owned structure. Mergers amplify this by creating scale, which can reduce operating costs and enhance bargaining power – savings that can be passed on to members.

External Factors Driving M&A

- **Technological Disruption:** The banking industry is undergoing a profound digital transformation, driven by the rise of fintech competitors (like Chime and Block), artificial intelligence (AI), and changing consumer expectations. In 2025, the adoption of real-time payments, digital wallets, and payment hubs reached critical mass, leaving many smaller institutions struggling to keep pace. To remain competitive, banks and credit unions need to invest heavily in technology to improve customer experience and operational efficiency. For smaller players, these investments can be prohibitively expensive. Merging with a larger organization may allow them to leverage advanced digital platforms and access new revenue streams through technology-driven services.
- **Consumer Demand:** Modern consumers demand seamless, personalized financial experiences, whether through mobile banking apps (70% of customers), online banking, or in-person interactions. As younger generations continue to prioritize convenience and customization, banks and credit unions are under pressure to modernize their offerings and pool resources via mergers. This not only helps retain existing customers and members, but also attracts new ones, particularly tech-savvy millennials, and Gen Z consumers.
- **Private Equity:** PE firms have invested $20-$50 billion in banks since 2020, targeting 15-20% returns (PitchBook). In 2025, PE-backed acquisitions could drive a substantial portion of M&A activity focusing on the mid-sized bank and credit union space. PE investors bring the capital and expertise needed to execute complex transactions, modernize operations, and drive growth. Their involvement often accelerates the pace of consolidation as institutions seek to capitalize on favorable valuations and strong demand from PE firms.

Challenges

- **Resource Strain:** Keeping core banking platforms functioning can be a challenge even without the distraction of a merger, however a merger puts enormous strains on resources, especially the technology conversion. A core conversion failure at one of the largest U.S. credit unions was the result of shifting from an outdated legacy system. The upgrade, when rolled out, hit immediate snags (presumably from not having the right or enough resources): members couldn't log into online banking, bill payments failed, and call centers were overwhelmed with complaints. The costs were estimated in the millions, including overtime and third-party fixes.

- **Cultural Misalignment:** An example of cultural misalignment causing problems in a merger was the 2008 acquisition of Merrill Lynch by Bank of America. This misalignment wasn't just about workflow; it was a clash of identities. Merrill's Wall Street culture didn't mesh with Bank of America's Main Street prudence. Employee engagement tanked, and the merged entity's stock lagged for years.

M&A Winners and Losers

- **Winners:**
  - **Mid-Sized Banks:** Scale to $50-100 billion, gaining leverage over third-party vendors that provide critical banking services like transaction processing.
  - **Credit Unions:** Ability to scale, diversify their offerings, and adopt operational or competitive traits traditionally associated with banks. All while keeping their cooperative, tax-exempt structure.
- **Losers:**
  - **Rural Communities:** 1,500 branch closures since 2020. (FDIC, St. Louis Fed)
  - **Small Banks and Credit Unions:** By SRM's estimates, 20% may vanish by 2030 without M&A.
  - **Consumers and other stakeholders:** Could be negatively affected by a decrease in competition and an increase in overall fees in certain regions.

CUES
LEAD THE WAY

Leading Through Cultural Integration in Mergers and Acquisitions

A defining factor of a successful merger and acquisition is the integration of often very different corporate cultures.

Through our valued partnership with CUES, we asked Pixie Gray, VP of Organizational Development, to provide her perspective on the importance of culture integration in credit union mergers. Her thoughts are as follows:

When organizations undergo significant change — whether through mergers, acquisitions, or P&A transactions — cultural integration is not just a factor of success; it is the defining element that determines whether the new entity thrives or struggles.

Research consistently shows that cultural misalignment is one of the top reasons mergers don't live up to expectations, with studies from Harvard Business Review indicating that up to **70-90% of mergers and acquisitions fail** to meet their intended financial and strategic goals, largely due to cultural clashes. Although the research is based on the very broad for profit and publicly traded sector of U.S. companies, there exists substantial learnings for credit unions contemplating mergers. While we are not aware of completed credit union mergers that have "failed", there is significant evidence that cultural integration would increase the percentage of credit union merger discussions to reach closure and also speed up the achievement of expected performance on growth, earnings, and employee satisfaction of the continuing credit union.

Despite this, culture often takes a backseat to financial modeling, operational efficiencies, and legal negotiations. This oversight is costly. Without an intentional, structured approach to cultural integration, organizations risk disengagement, loss of talent, operational inefficiencies, and, financial underperformance. Leaders who prioritize cultural integration as a critical competency set their organizations up for resilience, engagement, and long-term success. The simple truth is that the Credit Union Movement cannot tolerate that risk of failure. So, what can be done?

The Leadership Imperative: Cultivating Curiosity

Leaders navigating organizational integration must embrace curiosity as a strategic tool. More than passive listening, curiosity requires leaders to seek deep, authentic understanding of the lived experiences, values, and concerns of employees from all merging entities. Employees are not just assets to be retained; they are the carriers of organizational knowledge, cultural identity, and institutional trust.

Curiosity in cultural integration involves:

- **Actively exploring different perspectives** beyond executive teams to frontline employees who experience culture daily.
- **Asking open-ended questions** to uncover what truly matters to employees, rather than imposing assumptions.
- **Creating space for honest dialogue** where employees feel safe sharing their realities, concerns, and aspirations for the new organization.

Leaders who cultivate curiosity set the tone for a culture where employees feel heard and valued – an essential step in ensuring smooth transitions and long-term alignment.

Leveraging a Cultural Integration Framework

To facilitate a successful cultural merger, organizations can leverage a structured approach that provides a roadmap for assessing cultural alignment, identifying potential friction points, and crafting a cohesive culture that integrates the strengths of both legacy organizations. The framework helps leaders:

- Diagnose cultural strengths and risks using data-driven assessments
- Develop tailored integration plans that align with strategic business objectives
- Implement structured employee engagement initiatives to foster cultural cohesion
- Measure progress and continuously adapt strategies based on real-time feedback

Organizations can proactively shape their new cultural identity, minimizing disruptions and accelerating the path to high performance.

The Business Case for Cultural Integration

A poorly integrated culture manifests in increased turnover, low engagement, and deteriorating performance. A Gallup study found that **highly engaged employees contribute to a 21% increase in profitability**, while disengaged employees cost companies 1**8% of their annual salary in lost productivity**. In merger scenarios, this gap widens significantly when employees feel disconnected from the new organizational identity.

Conversely, Credit Unions that successfully integrate culture report:

- Higher retention of key talent and leaders
- Greater alignment in business processes and decision-making
- Increased innovation from a cohesive, engaged workforce
- A strong employer brand that attracts top talent in the market

Calls to Action: Building a Culture That Works

1. **Develop a Shared Cultural Vision**
   Cultural integration is not about one Credit Union absorbing another. It's about defining a **new cultural identity – a "third way"** that respects the past while shaping the future.
2. **Embed Culture into Decision-Making**
   Culture must be operationalized into daily business practices. Integrate cultural values into leadership development programs. Align performance management systems with desired cultural behaviors.
3. **Make Communication a Two-Way Process**
   Transparency reduces fear and builds trust. Create regular opportunities where employees can voice their concerns. Utilize feedback strategies to track cultural sentiment, adjust strategies accordingly, and share stories of cultural successes.
4. **Empower Employees as Cultural Stewards**
   Culture is not dictated from the top – it must be lived at every level. Create cross-functional cultural integration teams and provide platforms for employees to co-create cultural norms.
5. **Measure and Adapt Continuously**
   Cultural integration is not a one-time event but rather an ongoing process. Credit Unions must define key metrics for cultural alignment and track them regularly. Use feedback loops to adjust cultural initiatives as needed and hold leaders accountable for cultural integration through executive performance reviews.

The Strategic Return on Cultural Investment

Credit Unions that embrace cultural integration as a core leadership function experience lasting benefit:

- **Stronger financial performance** driven by engaged employees and cohesive teams
- **Reduced turnover and retention of top talent**, preventing costly disruptions
- **Enhanced reputation and employer brand**, attracting high-caliber talent
- **Greater innovation and agility**, allowing the organization to adapt to change effectively

Leaders who approach cultural integration with curiosity, strategic intent, and long-term commitment will not only navigate their organizations through change but will also position them for enduring success. Culture is not a soft side of business – it is the very fabric that determines whether an organization flourishes or fails. By prioritizing cultural integration, leaders can transform organizational change into a competitive advantage.

Conclusion

M&A is a strategic linchpin for surviving 2025's challenges – scale, tech, and regulation. With deal values rising and deregulation looming, executives must balance growth with cultural and operational risks. Given our analysis, SRM is predicting 150-200 bank deals and 150-170 credit union mergers by the end of the year, totaling a combined $500-800 billion in assets.

Mergers and acquisitions are a complex undertaking. Having the right partner can mean the difference between success and failure. Strategic Resource Management (SRM) offers an M&A advisory service called MergerMAP℠ designed specifically to support financial institutions considering or pursuing mergers. Each MergerMAP engagement can be structured to provide start-to-finish support and customized to the specific needs of the financial institution(s) involved in the merger.

SRM has been a trusted resource in large mergers and acquisitions, helping with everything from vendor rationalization to conversion execution. As you look toward your 2025 expansion opportunities, reach out to your SRM representative, and ask how we can help you succeed.

About SRM

SRM is an independent advisory firm focused on payments, sourcing, strategy, and technology for clients ranging from community financial institutions to global financial services leaders. SRM has partnered on strategic initiatives with 1,000+ clients and returned more than $10 billion in value in the process. More than just consultants, SRM delivers a full-circle experience with the addition of unmatched core technology implementation experts and project management services. SRM provides trusted, data-driven, unbiased advice and continues to expand services based on client feedback and critical needs.

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About CUES

For over 60 years, CUES has advanced the credit union movement by developing exceptional, purpose-driven leaders who meet the unique needs of their organizations and the communities they serve. CUES partners with credit unions to elevate the leaders of today and tomorrow through exclusive networking and event opportunities, programs that facilitate personal and professional development, and unmatched digital and in-person learning experiences.

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Larry Pruss has over 25 years of experience as a trusted adviser, strategist, author, speaker, and futurist. As the Managing Director of SRM Perspectives, Larry leads SRM's expanding thought-leadership initiatives. He also hosts SRM's Perspectives Live! webinar series, serves as a member of the US Faster Payments Council, and is a Fellow at the Digital Euro Association. Larry's career includes leadership roles at prominent financial institutions such as Bank of America and Banque Nationale.

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Pixie Gray specializes in experience and process design, executive coaching, employee engagement, cultural transformation, and organizational health. She leads the Organizational Development efforts within an indispensable organization in the Credit Union Movement; elevating internal and external member experiences for CU Leaders by increasing their impact in their organizations, communities and across the globe.