

INVESTMENT BANKING

LOOK AHEAD 2026



As we approach 2026, economists predict that the markets will remain upbeat, and investment banks anticipate an uptick in financial conditions compared to 2025, driven by the likelihood of continued monetary easing. Under these conditions, deal activity is expected to remain strong heading into the new year; will these positive signs translate to increases in financial services hiring? Below, we examine some key insights and what they mean for executive search.

► **MACROECONOMIC OUTLOOK: GREEN SHOOTS AHEAD**

Despite persistent inflationary pressure and tariff-related cost increases, investment banking activity has been more resilient than expected for 2025. In addition, despite some uncertainty in the beginning of the year, the Federal Reserve resumed rate cuts in the third quarter, with 25 basis point cuts in September, October and December. These cuts have pushed rates down to 3.5%-3.75%, their lowest rate since 2022, with at least one other cut is signaled for 2026. In their *Outlook for Fed Rate Cuts 2026*, Goldman Sachs Research projects that economic growth should accelerate to 2-2.5% in 2026, citing reduced tariff impacts, tax cuts, and improving financial conditions. Meanwhile, the Atlanta Fed's GDPNow model is forecasting 3.5% real GDP growth as of early December, which underscores that tariff pressures have not derailed economic momentum. Most economists expect continued expansion and no recession in 2026.

► **FINANCIAL SERVICES FUNDAMENTALS: ROBUST DEAL ACTIVITY EXPECTED, PE LOCKUPS EXPIRING.**

US M&A activity increased in 2025 compared to last year, and transaction volume in both M&A and capital markets continues to rise, with robust pipelines extending into 2026. PE lockup periods are also expiring, which will contribute to M&A volume as GPs are pressured to deploy committed capital. US IPO volume (excluding SPACs and closed-end funds) is on track to exceed \$40B by the end of the year. With stock markets near record highs, private companies are increasingly exploring IPO pitches for 2026, a potential tailwind for equity capital market bankers. Though dealflow has accelerated greatly this year, speculation is not a

significant risk. McKinsey reports in their *Global Banking Annual Review 2025* that though the total value of financial services M&A deals surged in the first half of 2025, the actual number of deals rose only slightly compared to the first half of 2024. This reflects a shift toward precision M&A deals that address strategic gaps, add targeted capabilities, or provide access to specific consumer markets versus high-profile deals that often fail to deliver on expectations. These capability-led and market-focused deals have driven the rebound and are considered more sustainable and secure, positioning the market for continued strength into 2026.

What does it mean for hiring?



As interest rates decline and deal activity increases, 2026 is shaping up to be a growth year for hiring across investment banking and private wealth management. The rising volume of mergers and acquisitions in investment banking will fuel demand for senior execution bankers who can execute complex mandates. Additionally, as these transactions unfold, firms will increasingly seek managing directors with deep expertise in adjacent subsectors to ensure successful outcomes and drive further growth. Indeed, our proprietary **EMM/Jackson Lucas 2025 Executive Moves Index** bears this out; at the MD and Partner level, 60 hires were made through November, more than double the 28 made in all of 2024. We are also beginning to hear anecdotal reports that junior level candidates are participating in multiple concurrent interview processes, unusual in investment banking in general and a clear sign that management is confident in ongoing transaction activity.

On the private banking and wealth management side, hiring should focus on addressing a growing demographic shift. As the advisor workforce ages, the private banking and wealth management industries face a vital demographic shift. Firms are actively recruiting Millennial and Gen Z advisors to serve younger clients and facilitate intergenerational wealth transfers. As client demographics evolve, firms continue to emphasize recruiting women, minority, and bilingual advisors, particularly in key Latin America and Asia-Pacific wealth management hubs. A notable trend has emerged with wirehouse advisors being recruited by independent platforms and RIAs, attracted by enhanced autonomy, better economics, and technology support. This shift mirrors an increase in client preferences for personalized service models and greater fee structure transparency.

In general, across the financial services industry, firms are expected to adopt a strategic disciplined approach, emphasizing mandate-aligned placements over opportunistic hiring that can create financial risk.

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Audrey Symes

Partner,
Head of Research

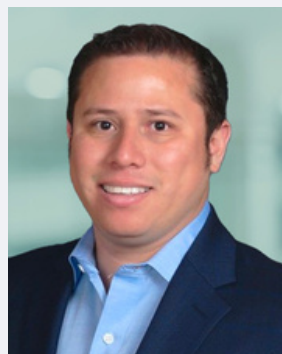
AudreyS@emmresearch.com



John Kiley

Director,
Research Lead

JohnK@emmresearch.com



Zack Sanders

Director,
Research

ZackS@emmresearch.com



Simon Hohlov

Director,
Head of Data Analytics

SimonK@emmresearch.com

