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CAPITAL RECONSTRUCTION AND FIRM VALUE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA: A CONCEPTUAL REVIEW

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Abstract

Overpaying for a company's worth, mergers, and acquisitions are without a doubt the most common problems that arise during capital reconstruction. This is mostly owing to the fact that the problems with mergers and acquisitions (M&As) on this list undermine corporate value, necessitating an overpaying. In spite of these issues, this study investigates an empirical review of firm value, merger and acquisition as a result of capital reconstruction among DMBs in Nigeria. The study used qualitative research design; therefore, previous research articles from ten articles that were published in the Accounting Journal between 2010 and 2024 make up the study sample size. However, the sample size of this study is comply with the study of Handoyo and Anas (2018) Thus, in line with the content analysis, this study concludes that Merger & Acquisition are complicated transactions that can be difficult to carry out successfully; they can be a very effective tool for banks to achieve their strategic goals. As such, deposit money banks should carefully weigh the risks and benefits of any M&A transaction before moving forward with one. As a result of this finding, this study recommends that an M&A deal should only be pursued once a bank has developed a clear strategic plan. The goals of the bank for the transaction and how it will fit into the bank's larger business plan should be described in this plan. It is recommended that banks perform comprehensive due diligence prior to signing an M&A agreement. As part of this due diligence, the target bank's operations, management, and financial standing should all be examined. After an M&A deal closes, management of listed deposit money banks in Nigeria should closely oversee the integration process. Creating a thorough integration plan and opening up lines of communication between the two banks should be part of this procedure. Therefore, the finding implies that manager of Deposit money banks in Nigeria should found M&As best strategies to improve their banks performance.

Key Words: Bank Value, Merger and Acquisition, Firm Value, Capital Reconstruction, Deposit Money Banks

Introduction

Amidst the backdrop of successive bank recapitalization events globally, bank value, mergers M&A have emerged as considered outcomes reshaping the banking landscape. They have been instrumental in shaping the banking landscape across developed and developing economies, with notable institutions undertaking strategic consolidation to navigate competitive challenges and capitalize on growth opportunities. Globally, renowned banks such as JPMorgan Chase & Co. (notably 2000) and Bank of America Corporation (particularly 2008) in the United States have leveraged M&A activities to expand their market footprint, optimize operational efficiencies, and diversify their service portfolios (Pearl & Rosenbaum, 2013). Similarly, in the realm of developing countries, banks like Standard Bank Group in South Africa (notably in 2013) and Banco Bradesco in Brazil (particularly in 2009) have pursued M&A strategies to enhance their regional presence, drive innovation, and bolster financial resilience in dynamic market conditions (Andreff, 2016). These examples underscore the cross-border implications of M&A transactions and their significance in reshaping the competitive

landscape of the global banking sector. However, the Nigerian banking sector, characterized by its dynamism and regulatory environment, often witnesses Deposit Money Banks (DMBs) resorting to strategic moves such as mergers and acquisitions (M&A) as a fundamental tool for capital reconstruction (Mjojo, 2021). In a landscape where financial institutions face evolving regulatory frameworks, economic uncertainties, and market challenges, the imperative of reshaping capital structures through M&A transactions is paramount for banks seeking enhanced financial stability, operational efficiency, and sustained growth prospects.

Capital reconstruction, a strategic financial maneuver adopted by DMBs, serves as a cornerstone for fortifying their financial resilience and aligning with regulatory capital adequacy mandates. It encompasses a spectrum of activities aimed at optimizing capital utilization, enhancing solvency ratios, and fine-tuning financial structures to navigate the ever-evolving financial landscape of Nigeria's banking industry. Against the backdrop of stringent regulatory requirements and the imperative for robust risk management practices, capital reconstruction through M&A emerges as a strategic imperative for DMBs to proactively address capital deficiencies and capitalize on growth opportunities amidst market shifts.

Mergers and acquisitions stand as transformative events for banks, presenting diverse motivations and incentives for engaging in restructuring activities. Beyond the core objective of fortifying capital positions, M&A transactions are often driven by considerations such as expanding market presence, diversifying revenue streams, streamlining operations, and accessing complementary resources. In the competitive arena of Nigerian banking industry, where market consolidation, technological advancements, and changing consumer preferences reshape industry dynamics, the rationale behind M&A strategies underscores the strategic imperative for DMBs to create sustainable value propositions, ensure operational efficiency, and position themselves as key players in an evolving financial ecosystem.

Despite the promising prospects that M&A transactions offer, their execution is accompanied by a myriad of challenges and complexities. Regulatory approvals, due diligence processes, cultural integration dilemmas, valuation misalignments, stakeholder concerns, and post-merger integration risks represent significant obstacles that banks must navigate to ensure the success and viability of capital reconstruction efforts through M&A transactions. Early this year 2024, the CBN in navigating these challenges by tasked DMB to maintaining a delicate balance between capital optimization, risk mitigation, stakeholder value creation, and operational continuity to realize the intended benefits of strategic restructuring initiatives.

The academic discourse on bank value, M&A in Nigerian DMBs provides a nuanced understanding of the implications, drivers, and outcomes of capital reconstruction through strategic transactions. Through empirical analyses, literature reviews, and case studies, researchers have delved into the multifaceted dynamics of M&A in the DMBs, shedding light on the strategic motivations, operational implications, financial performance outcomes, and regulatory considerations that underpin such transformative activities within DMBs. These scholarly contributions not only enrich our knowledge of M&A practices in Nigerian banking but also offer valuable insights for stakeholders, policymakers, and industry participants seeking to navigate the complexities of capital reconstruction and strategic realignment within the sector.

Degree literature studies such as the educations accompanied by Andreff, W. (2016); Pearl et.al (2013). Okonkwo and Okafor (2020) provided valuable insights into the transformative potential of M&A as a tool for optimizing capital structures, enhancing operational efficiencies, and fostering sustainable growth in an increasingly competitive landscape.

The recapitalization mandates of 2005 and 2011 marked transformative milestones in the global banking sector, compelling banks to strengthen their capital foundations, adhere to rigorous regulatory protocols, and adapt to evolving market dynamics. These initiatives catalyzed a wave of M&A activities, consolidation strategies, and strategic alliances aimed at optimizing capital structures, reinforcing risk management frameworks, and fostering sustainable growth in a competitive financial environment. The

resulting mergers and acquisitions not only redefined the competitive landscape of banking sectors but also fortified financial resilience and operational frameworks, positioning institutions to navigate economic uncertainties and regulatory demands on a global platform.

The recent pronouncement by the Central Bank of Nigeria in March 2024 signals a new era in the evolution of the Nigerian banking industry, with DMBs gearing up to meet revised capital standards mandated by regulatory bodies. This development underscores the perpetual importance of capital adequacy, robust risk management practices, and operational resilience in promoting a stable and sound banking sector that resonates with international best practices. The regulatory directive not only underscores a commitment to enhancing the financial robustness of Nigerian banks but also underscores the interconnected nature of banking reforms, recapitalization initiatives, and regulatory standards that reverberate across global financial markets, shaping the trajectory of banking institutions and regulatory frameworks on a worldwide scale. In the light of these recent issues, this study investigates an empirical review firm value, merger and acquisition most importantly those involves recapitalization. As a result of this mess, this study investigates capital reconstruction and firm value of listed deposit money banks in Nigeria: a conceptual review.

Conceptual Review

Capital Reconstruction

Jatmiko (2022) defined capital reconstruction as the process through which a company revitalizes its financial structure by rearranging its assets, liabilities, and ownership interests, often in response to financial distress or to enhance shareholder value. Contrary, it is a financial makeover where a company might convert debt into equity or renegotiate the terms of its debt obligations to reduce financial strain and improve its ability to operate profitably. Capital reconstruction may involve injecting fresh equity capital into the company through various means such as issuing new shares, rights issues, or bringing in new investors, thereby strengthening its financial position (Kiosses, 2023).

Thus, capital reconstruction involves revaluating and possibly selling off non-core or underperforming assets to raise capital or streamline operations, allowing the company to focus on its core business activities. In some cases, capital reconstruction may involve complying with legal or regulatory requirements, such as when a company needs to address insolvency issues or restructure its operations to meet regulatory standards. Overall, capital reconstruction aims to enhance the financial stability, efficiency, and long-term viability of a company by restructuring its capital base and improving its overall financial position.

However, it is important to emphasize on the relevance of capital reconstruction which is relevant in various scenarios and contexts within the business world, particularly when companies face financial challenges or seek to optimize their capital structure. Here's why it matters. When a company experiences financial difficulties such as insolvency or excessive debt, capital reconstruction offers a structured approach to address these issues. By reorganizing its finances, the company can potentially avoid bankruptcy and continue operating. Capital reconstruction enables companies to optimize their capital structure, which can lead to improved financial performance. Also, reducing debt levels, improving liquidity, and strengthening equity positions, companies can enhance their ability to generate profits and grow sustainably. Companies undergoing expansion or diversification may need to restructure their capital to support these growth initiatives (Tarannum, et al. 2023).

Again, capital reconstruction allows DMBs to raise funds, reallocate resources, and adapt their financial structure to support their evolving business objectives In the context of mergers, acquisitions, or corporate reorganizations, capital reconstruction plays a crucial role in integrating the financial aspects of different entities. It involves aligning capital structures, consolidating assets and liabilities, and optimizing financial resources to realize synergies and maximize shareholder value. A well-executed capital reconstruction can improve investor confidence and enhance relationships with stakeholders such as creditors, shareholders, and regulatory authorities. By demonstrating a commitment to financial stability and value creation, companies can attract investment and support for

their strategic initiatives Overall, capital reconstruction is a critical tool for companies seeking to navigate financial challenges, pursue growth opportunities, and optimize their capital structure to create long-term value for stakeholders.

Merger and Acquisition

A merger, as defined by Valderrey, Trigos, & Kaltenecker (2024), involves the convergence of two or more companies in a specific direction, forming a new entity or continuing under an existing business name. There are many different kinds of mergers, each motivated by a different goal, such increasing share value, reaching a wider audience, or breaking into new markets through M&A. Increasing shareholder value is the main goal. Companies frequently include a no-shop clause in their merger and acquisition (M&A) agreements to stop other companies from merging or buying them out.

Conversely, acquisition can be defined as the following: a self-governing organization purchases one or more other self-governing organizations, using a variety of tactics to increase the market value for its owners. In essence, an acquisition occurs when a business obtains 51 percent or more of the shares of other companies. Arun (2023) defines acquisition as a transaction where one company acquires a majority or entirety of another company's shares, thereby gaining control over the target company. In the global corporate scene, acquisitions happen frequently, either with or without the target company's consent. Subject to approval, a no-shop condition is usually included to the procedure. Even though the public is more familiar with high-profile purchases involving huge organizations, small- and medium-sized businesses are more likely to engage in mergers and acquisitions (M&A). Nevertheless, extant literature highlights that the outcomes of mergers and acquisitions (M&A) are not uniformly advantageous for businesses. Some research, such as that by Giannopoulos, Lianou & Elmarzouky (2023) contend that M&A activities can be value-destructive and negatively impact the stakeholders of the involved firms.

As a result, this study defined "mergers and acquisitions" (M&A) as the process of combining companies using a variety of transactional strategies. The most common type of transaction is an acquisition, in which ownership is transferred when one company buys another. Asset or equity sales are two possible ways that acquisitions can occur. A stock sale gives the buyer ownership of the entire business, including all its liabilities and assets. Legal ownership of the business's assets and liabilities is retained by the selling company even after the ownership transition. On the other hand, an asset sale entails purchasing particular assets from the target company, including machinery or intellectual property. Sometimes companies will sell a whole division as part of a corporate carve-out or divestiture.

Firm Value

Tampakoudis & Anagnostopoulou (2020) viewed firm value as the total worth of a business or company, often represented by the market capitalization of its outstanding shares of stock. It reflects the present value of all expected future cash flows generated by the business, discounted at an appropriate rate to account for the time value of money and risk. In simpler terms, it's how much investors and the market believe a company is worth based on its assets, earnings potential, growth prospects, and other factors. However, firm value can be measured by the market capitalization of a company, which is calculated by multiplying the current share price by the total number of outstanding shares. This represents the total value that investors in the stock market place on the company.

Another measure of firm value is enterprise value, which considers not only the market value of equity (shares), but also the value of debt and cash held by the company. It provides a more comprehensive assessment of a company's total value to both equity and debt investors.

Firm value can also be viewed in terms of intrinsic value, which is an estimate of the true worth of a company based on its fundamentals such as earnings, assets, and growth potential. This valuation approach attempts to determine what a rational investor would pay for the company based on its expected future cash flows (Wang, 2022).

This study view firm value as the total value of a company as a going concern, meaning its value as an operating business rather than just the sum of its parts. Kang et. al, (2020)This includes intangible assets such as brand reputation, intellectual property, and customer relationships, in addition to tangible

assets like property, plant, and equipment. Overall, firm value is a fundamental concept in finance and investment analysis, providing insight into the economic value of a company and serving as a basis for investment decisions, mergers and acquisitions, and other strategic considerations.

However, Firm value is crucial for investors when assessing the attractiveness of investing in a company's stock or debt securities. It provides a measure of the company's worth and potential for generating returns, helping investors make informed decisions about allocating their capital. In corporate finance, firm value is central to activities such as capital budgeting, where companies evaluate investment opportunities based on their potential to increase firm value. It also guides decisions regarding capital structure, dividend policy, and strategic investments aimed at maximizing shareholder wealth Firm value is a key consideration in M&A transactions, where companies evaluate the value of target companies and negotiate deals. Acquirers seek to enhance their own firm value through synergies and strategic alignments achieved by acquiring other businesses.

Firm value influences strategic planning and decision-making within companies. Executives and managers consider how their actions, such as product development, market expansion or cost-cutting initiatives, will impact firm value and contribute to long-term growth and sustainability. Firm value serves as a measure of corporate performance and accountability. Shareholders, regulators, and other stakeholders use firm value as a benchmark to evaluate the effectiveness of corporate governance practices and monitor management's stewardship of company resources (Feldman, et al. 2022).

Empirical Review of Merger and Acquisition and Firm Value

It is very obvious and clear in literature that merger and acquisition is as result of recapitalization, inadequacy of funding of companies or other related problems. For instance Nguyen & Vu (2021) elucidated how venture capital syndication touches M&As. The poll indicates that venture capital (VC)-backed targets typically pay more for purchase and take longer to transfer deal terms. Acquirers of syndicate-backed targets see lower cumulative abnormal returns in the short term following the announcement of acquisitions, but over time, their returns outpace those of individual-backed targets. The study described venture capital syndication leads to the nomination of bigger and increase independent panels of directors prior to purchases, enhancing the value of entrepreneurial endeavors. Venture capital syndication aligns the CEO's motivations with the shareholders' by increasing owners' equity and variable compensation. Syndicate-backed targets prefer to make purchases with their stock as payment. When considered collectively, the results show that venture capital syndication has long-term benefits for both prospective purchasers and fledgling businesses.

Umashankar, Bahadir & Bharadwaj (2021) explained that, despite their efficiency, mergers and acquisitions lower company value by negatively affecting consumer satisfaction. The study's use of a quasi-experimental difference-in-differences analysis and an instrumental variable panel regression provides compelling evidence for the detrimental effects of M&As on customers. The study found a negative correlation between M&A and customer satisfaction and stressed executive focus on customer issues and marketing leadership as ways to counteract this relationship. The authors use the attention-based perspective of the organization to demonstrate that a shift in executive focus from customers to financial considerations is the source of post-M&A customer discontent.

However, merger research and its impact on a firm's value have received a lot of attention in the literature. Jatmiko (2022) examined earnings management and post-merger performance in the context of emerging markets, analyzing 259 firm-year observations from M&A transactions in Indonesia between 2006 and 2017. The research discovered that acquiring firms usually employ accrual management to control profits.

Turning our attention to the United States, Kiosses (2023) examined bank mergers and acquisitions, looking at things like performance reviews, shareholder value, and the impact of erratic economic policies. The findings indicated that while purchasing banks had a short-term negative impact on shareholder value, mergers financed solely with stock had a more noticeable long-term negative return. Notably, economic policy uncertainty during times of high uncertainty positively benefited shareholder wealth during bank M&As.

The impact of mergers and acquisitions on the Environmental, Social, and Governance (ESG) performance and market value of European Union acquirers was examined by Tampakoudis & Anagnostopoulou (2020). Their study investigated if purchasing targets with stronger ESG performance had an effect on the market value of acquiring firms, based on a sample of 100 European M&A transactions from 2003 to 2017. The results demonstrated that an acquirer's own ESG performance rises when it buys a target that has improved its ESG performance prior to the merger. Additionally, a boost in the acquirer's post-merger market value is observed when its post-merger ESG performance surpasses its pre-merger ESG performance.

The study conducted by Kyalo, et al. (2023) examined how mergers and acquisitions affected the financial performance of insurance companies in Kenya. The results of a questionnaire were found to have a significant positive correlation with asset growth, synergy, and financial performance. The study claims that insurance companies can use mergers and acquisitions to increase their financial performance.

The impact of Environmental, Social, and Governance (ESG) aspects on the generation of value resulting from Mergers and Acquisitions (M&As) was examined in a different study by Tampakoudis, Noulas, Kiosses & Drogalas (2021), with a focus on changes noted during the COVID-19 epidemic. The study's sample consisted of 889 completed M&As that US firms announced between January 1, 2018, and July 31, 2020. They used an event study approach to assess announcement anomalous returns. Additionally, the relationship between ESG performance and the increase in shareholder value was investigated using univariate and multivariate cross-sectional regressions.

Bianconi & Tan (2019) measured how M&A influence firm valuations in the short- and medium-term. The study F focused on the enterprise value multiple, or ratio of EV/EBITDA, which is used to measure firm value. They use the difference-in-differences (DID) technique both with and without a propensity score. The research found substantial evidence of both positive immediate M&A impact and negative medium-term M&A effects on company value since EV moves more quickly than slow-moving EBITDA.

In their 2019 research, Bianconi & Tan evaluated into the complicated dynamics of mergers and acquisitions, shedding light on both the instant and medium-term consequences on firm worth. Their comprehensive analysis encompassed an extensive dataset of 65,521 M&A transactions worldwide, spanning the Communications, Technology, Energy, and Utilities sectors during the period from 2000 to 2010. The focal point of their investigation was the enterprise value multiple, specifically the EV/EBITDA ratio, serving as a crucial metric for assessing firm value. The findings of the study revealed compelling evidence cement towards a noteworthy negative impact in the medium term, juxtaposed with a positive instantaneous effect on firm value. This paradoxical trend was attributed to the swift movement of enterprise value in comparison to the more gradual shifts in EBITDA, suggesting a nuanced interplay of factors influencing M&A outcomes.

Again, Huyghebaert & Luypaert (2010) highlighted a study constraint related to market capitalization and the decline caused by a lack of sustaining funding after strong market position acquisition. The study recommended that other macroeconomic variables be used in future research to examine the effect of mergers and acquisitions on firm value.

The researchers examined the dynamics of acquisition events from 2012 to 2016, using asset pricing models to estimate the market's response to acquisition announcements. The thorough empirical study, "Performance of Bidding Companies in Merger and Acquisition Deals: An Analysis of Domestic Acquisitions in Hong Kong and Mainland China (Ahmed et.al, 2021)," probed into these dynamics.

In their 2023 study, Chakraborty & Kattuman investigated into the consequences of M&A on the performance of companies within India's pharmaceutical industry, employing a pre- and post-TRIPS (Trade-Related Aspects of Intellectual Property Rights) analysis. Through a comparison of merged and non-merged entities using both difference-in-differences and propensity score matching approaches, the inquiry primarily aimed to regulate the effect on firm performance in the post-TRIPS era.

Future studies in this area could discover alternative variables for data, joining considerations for M&A. Wang (2023) leveraged SEC EDGAR web traffic data to assess the impact of Information purchases on M&A. By using difference-in-differences analysis and involved method analysis, the study was able to identify any unintentional effects of information collection on the in formativeness of market reactions. In conclusion, the study claims that gaining information improves how the market assesses the worth created by M&A.

Methodology

This study employed qualitative methods, one of which involved reading tables or descriptions of previous research findings pertaining to the subject matter. This study used content analysis. This means that The study of documents and communication artifacts, such as text in a variety of formats, images, audio, or video, is known as content analysis. Social scientists employ content analysis to systematically and reproducibly look for patterns in communication. The research sample consists of prior research papers from 10 papers published in the Accounting Journal between 2010 and 2024. This methodology is in line with the study Siregar, et.al, (2023). This paper is a compilation of multiple easily accessible research publications that are closely related to capital reconstruction, particularly merger and acquisition (M&A) and related studies.

Findings and Discussion

The finding of this study was emanated from the finding and conclusion of the previous studies on Bank value and merger acquisition. Thus these studies take ten (10) previous studies. Finding all studies and respective findings below:

Table 1. The Related Studies

No	Journal	Author	Tittle	Results	Gap Identified from the previous studies
1.	International Review of Economics and Finance	Bianconi and Tan (2019)	Evaluating the instantaneous and medium-run impact of mergers and acquisitions on firm values	Because EV moves more quickly than slow-moving EBITDA, the study found considerable evidence of negative medium-run M&A effects and positive instantaneous M&A impact on firm value when using the difference-in-differences (DID) technique with and without propensity score matching.	This study has failed to considered the usefulness and important of cost implication when charming M&As.

2.	International Journal of Innovative Finance and Economics Research	Adeyemi and Adedeji (2020).	Capital Structure and Financial Performance of Listed Deposit Money Banks in Nigeria.	The study found that there is a positive and significant relationship between debt capital and net profit margin for listed deposit money banks on the Nigerian Exchange Group, as well as a positive and significant relationship between equity capital and net profit margin for these banks. The study found that capital structure has a statistically significant and beneficial impact on the financial performance of Nigerian listed deposit money institutions.	Different forms of capital structure were not discussed in this study. Again, financial performance was restricted to ROA without discussing other financial performance mechanism.
3.	Department of Commerce, School of Social Sciences and Languages, Vellore Institute of Technology, Vellore, India	Maania and Dunstan Rajkumara (2023)	Future research directions of mergers and acquisitions in the banking secto r: A review based on bibliometric analysis	Researchers and academicians will be able to significantly contribute to future research directions on mergers and acquisitions in the banking sector thanks to the study's summary of the importance, effects, and performance evaluation of these transactions using both bibliometric and	This study was conceptualized on the direction of future implications of M&As. However, content analysis used in this was to vogue.

4.	European Journal Science, Technology and Innovation	Akentaral, Isaac, Amankwa and Awuma (2024)	The Impact of Capital Adequacy and Corporate Governance on Financial Performance of Universal Banks in Ghana	The study came to the conclusion that the effectiveness and caliber of non-executive officers on the board matter more than their quantity. According to the report, the BoD should consist of at least 13 members and the management of universal banks listed on the GSE should give careful consideration to the CGGs recommended by the BoG.
5.	Escicapious	Singh and Das (2018)	Impact of post-merger and acquisition activities on the financial performance of banks: a study of Indian private sector and public sector banks	The results showed that post-merger and acquisition processes heavily relied on strategies and policies in procedural, physical, and sociocultural contexts. Furthermore, the qualitative effects of post-merger activities, like accounting reports, market appraisals, and key informant summaries, are significant and essential for enhancing the Bank's capabilities and performance.
6.	South Asian Research Journal of Business and Management	Arogundade and Adegbie (2024)	Mergers and Acquisition of Deposit Money Banks in Nigeria: Empirical Analysis of Contribution to the Economic Growth of Nigeria (2006-2021)	The study came to the conclusion that total commercial bank assets and total commercial bank lending had a positive joint effect on economic growth. It is advised that policymakers continue to monitor bank acquisitions

7.	Conference Proceeding Published in International Journal of Trend in Research and Development	Ishwarya (2019)	A Study on Mergers and Acquisition of Banks and a Case Study on SBI and its Associates	The results imply that M&A has been somewhat successful in the Indian banking industry. In order to protect the interests of the depositors of troubled banks, the government and policy makers should not encourage mergers between strong and troubled banks since they will negatively impact the asset quality of the stronger banks.	Although has cleared conceptual clarification of Merger and acquisition. However, the cost and miscellaneous cost involves in M&As process have not real address in this study.
8.	Asia and the Global Economy	Chakraborty and Kattuman (2023)	The impact of mergers and acquisitions on performance of firms: A pre - and post-TRIPS analysis of India's pharmaceutical industry	The findings indicated that after mergers, company performance in merged firms increased. According to them, their data shows the frequency of "positioning" mergers (Gorton et al., 2009). Furthermore, in merged organizations, the transfer of technology and competencies improved company performance. For Asian nations, their findings have important	The finding of this study has emphasized on company performance. Thus, details of pre and post have not really in to context analysis of this study.

10.	American Marketing Association	Umashankar, Bahadir and Bharadwaj (2021)	Despite Efficiencies, Mergers and Acquisitions Reduce Firm Value by Hurting Customer Satisfaction	According to the study, having a marketing representative on a company's board of directors helps keep executives focused on their clients, which lessens the negative impact that mergers and acquisitions have on client satisfaction. According to this study, there is a negative correlation between M&A and customer satisfaction. However, this correlation can be mitigated by executive attention to customer issues and marketing leadership.	Above all, this study needs to address firm value as it affects merger and acquisition process.

Source: Authors' Compilation (2024)

Findings from the Previous Study

Generally, it was observed in the context analysis above that M&As can lead to significant cost savings through economies of scale and the elimination of duplicate operations. Again, it can improve efficiency by streamlining processes and reducing bureaucracy. Furthermore, it can help banks expand into new markets and offer a wider range of products and services to their customers. Again, this study finds it worthwhile the synergies between the two companies Particular the companies that engineer the merger and acquisition process. Above all, M&As can provide banks with access to new technologies and capabilities, which can help them stay competitive in the rapidly evolving financial.

Conclusion and Recommendation

In comply with the findings of this study, the study conclude that M&As can be a powerful tool for banks to achieve their strategic objectives. However, it is important to note that M&As are complex transactions that can be challenging to execute successfully. Therefore, listed deposit money banks should carefully consider the potential benefits and risks involved before pursuing an M&A transaction. In spite of this conclusion, this study recommends that listed deposit money Banks should develop a clear strategic plan before pursuing an M&A transaction. This plan should outline the bank's objectives

for the transaction and how it will be integrated into the bank's overall business strategy. Banks should conduct thorough due diligence before entering into an M&A agreement. This due diligence should include a review of the target bank's financial condition, operations, and management team. Listed deposit money banks should carefully manage the integration process after an M&A transaction has been completed. This process should include the development of a detailed integration plan and the establishment of clear communication channels between the two banks.

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