# Effects of merger and acquisition on the performance of selected Commercial Banks in Nigeria

**ONAOLAPO Adekunle Abdul-Ramon**
Department of Management and Accounting
Ladoke Akintola University of Technology, Ogbomoso

**AJALA Oladayo Ayorinde**
Department of Management and Accounting,
Ladoke Akintola University of Technology, Ogbomoso

## ABSTRACT

*The paper examined the effects of merger and acquisition on the performance of selected commercial banks in Nigeria with greater emphasis on gross earnings, profit after tax and deposit profile as financial efficiency parameters. For this paper, seven Nigerian commercial banks were selected using convenience and judgmental sample selection methods. Data were collected from the published annual report and accounts of the selected banks and were subsequently analyzed appling regression analysis through statistical package for social sciences. The results showed that post merger and acquisition period was more financially improved than the pre merger and acquisition period.Therefore, the study recommended that banks should be more proactive in driving for profit for enhanced financial performance to reap the benefit of mergers and acquisition bid in the Nigeria banking sector.*

**Keywords:** Banks, Gross Earnings, Profit after Tax, Deposit Profile, Merger and Acquisition (M & A).

## 1.0 INTRODUCTION

The recapitalization and consolidation exercise in the banking industry by the former Central Bank of Nigeria Governor, Professor Charles Soludo has necessitated the need for different organization to engage in corporate consolidation (mergers and acquisition). This has sent some of commercial banks on the move to consider Merger and Acquisition as a survival strategy.

Banking reforms have been an on-going phenomenon around the world right from the 1980s but it is more intensified in recent time because of the impact of globalization which is precipitated by continuous integration of the world market and economies. Banking reforms involve several elements that are unique to each country based on historical, economic and institutional imperatives. In Nigeria, the reforms in the banking sector preceded against the backdrop of banking crisis due to highly undercapitalization deposit taking banks, weakness in the regulatory and supervisory framework, weak management practices sand the tolerance of deficiencies in the corporate governance behaviour of banks (Uchendu, 2005).

Banks play a crucial role in propelling the entire economy of any nation, of which there is need to reposition it for efficient financial performance through a reform process geared towards forestalling bank distress. In Nigeria, the reform process of the banking sector is part and parcel of the government strategic agenda aimed at repositioning and integrating the Nigeria banking sector into the African regional and global financial system. To make the Nigerian banking sector sound according to Akpan (2007), the sector has undergone remarkable changes over the years in terms of the number of institutions, structure of ownership as well as depth and breadth of operations. These changes have been influenced mostly by the challenges posed by deregulation of the financial sector, operations globalization, technological innovations and implementation of supervisory and prudential requirements that conform to international regulations and standards.

Soludo (2004) opined that, the Central Bank of Nigeria (CBN) chose to begin the Nigerian banking sector reforms process with the consolation and recapitalization policy through mergers and acquisitions. This is done in order to arrest systems decay, restoration of public confidence, building of strong, competent and competitive players in the global arena, ensuring longevity and higher returns to investors. Considering the inability of most Nigerian banks to perform well due to operational hardship, expansion bottlenecks as a result of heavy fixed and operating costs coupled with volatility between deposits and lending rates, the present banking sector reforms in

Nigeria was announced by Professor Chukwuma Soludo, the then CBN governor on July 6th, 2004 with the objective of creating a sound and more secure banking system that depositors can trust through mergers and acquisition which enhanced operational capital base. These and many more, act as a spring board to achieving improved performance.

Ajayi (2005) and Augustine (2007) stated that, other programmes in the Nigerian banking sector reforms agenda includes: ensuring exchange rate and price stability, managing interest rate for stability and development, macro economic coordination, improvements of the payment system and financial sector diversification to avoid a situation of boom that can result to bank distress. This, Walter and Uche (2005) supported. The current reforms framework anchored on against systemic financial crises in the interest of the depositors and secondly, to fast track the growth and development of the national economy.

Nevertheless, it is in record that between 1990 to date, Nigeria witnessed several mergers and acquisitions arrangement. This trend dramatically changed particularly form 1995. In 1997 alone, about 10 merges and acquisitions bids was recorded whereas, as at 31st December, 2005, the Nigerian banking sector witnessed 25 mergers and acquisitions activities (Okpanachi, 2007). For this, mergers and acquisitions is not a new scheme geared towards business survival but more importantly assists in repositioning business for more efficiency and reliability which it has done to the Nigerian banking sector through strengthening the industry with its position multiplier effects on the economy.

Consequently, it is against this background that the researcher attempts to assess the effects of merger and acquisition on the performance of selected commercial banks in Nigeria with greater emphasis on gross earnings, profit after tax and deposits profile.

## 1.1    Statement of the Problem

The recent outbreak of bank mergers and acquisitions in Nigeria is attracting much attention, partly because of heightened interest in what motivates firms to merge and how merger and acquisition affects performance or efficiency. However, this paper investigates effects of merger and acquisition on the performance of banks and explores the sources of any merger-induced changes in performances. It is motivated by the relative dearth of empirical evidence on the impacts of mergers and acquisitions involving Nigerian banks. Overall, the handful of studies on merger and acquisitions (M&A) activities in the Nigerian banking industry provides mixed results. For instance, Altunbas and Ibanez (2004) report that bank mergers taking place in the banking industry do lead on average to improved accounting profitability. Molyneux and Thornton (1997) provide empirical evidence suggestive of limited opportunities for cost savings from large mergers in the banking industry. Vander (2002) reports a limited improvement in profit efficiency but not in cost efficiency with reference to cross-border deals only. Olagunju and Obademi (2012) conclude that M&A has contributed immensely to the growth of the real sector of banking.

According to Pilloff and Santomero (1997), there is little empirical evidence of mergers achieving growth or other important performance gains. Also, evidence supporting merger and acquisitions to achieve costs saving and efficiency gains is sparse (Kwan 1999). Towards this end, Beitel et al (2003) found no gain effect due to mergers and acquisitions.

Overall of all these studies provide mixed evidence and inconclusive evidence which appears counter intuitive and many fail to show a clear relationship between mergers and acquisitions and performance. The main aim of this paper is to use a comprehensive approach in order to test directly whether mergers and acquisitions involving Nigerian banks lead to improvements in performance.

In the light of the above, the following research questions where raised.
(i)     What effect does merger and acquisition have on the deposit profile of commercial banks?
(ii)    Does merger and acquisition has any effects on the profitability of commercial banks?
(iii)   What effect does merger and acquisition have on the gross earnings of the commercial banks?

The hypotheses that were tested in the course of this research are stated below as:
i.      Merger and acquisition does not have significant effects on the deposit profile of commercial banks.

ii.      Merger and acquisition does not have significant effects on the profitability of commercial banks.
iii.     Merger and acquisition has no effects on the gross earnings of commercial banks.


## 2.0  REVIEW OF RELATED LITERATURE

Mergers and acquisitions are a global business terms used in achieving business growth and survival. Merger entails the coming together of two or more firms to become one big firm while acquisitions the takeover or pursuing similar motives (Amedu, 2004: Bello, 2004: Katty, 2005). Accordingly, Soludo (2004) opined that mergers and acquisitions are aimed at achieving cost efficiency through economies of scale and to diversify and expand on the range of business activities for improved performance.

Numerous studies have empirically examined whether mergers and acquisition are solutions to bank problems. The studies of Cabral et al (2002), Carletti et al (2002) and Szapary (2001) provided the foundation for a research on the linkage between banks mergers and acquisition and profitability. Evidence as provided by De-Nicolo (2003) and Caprion (1999) suggested that mergers and acquisitions in the financial system could impact positively on the efficiency of most banks. Overall, some of these studies provide mixed evidence and many fail to show a clear relationship between mergers and acquisitions and performance.

Also, evidence supporting mergers and acquisitions to achieve cost saving and efficiency gain is sparse (Kwan and Elsenbeis, 1999). They found that banking organization significantly improved their profit efficiency ranking after mergers.

However, Okpanachi (2006) find some evidence of superior post merger period because of the merged firms' enhanced ability to attract loans. They also show increase employee productivity and net asset growth. Walter and Uche (2005) posited that mergers and acquisitions made Nigerian banks more efficient. They used table to present their data which was analyzed using simple percentage. Akpan (2007) , using chi square to test his stated hypothesis found that the policy of consolidation and capitalization has ensured customers confidence in the Nigerian banking industry in term of high profit. But, for Sobowale (2004) and Osho (2004), it is expected that the value of the companies that participated in merger and acquisition activities would be higher than before because future dividends and earning streams are expected to rise and subsequently improves efficiency.

The study by Stiroh (2002) using data on United States banks suggested that, there may be more substantial scale efficiency from larger sizes of banks as a result of  mergers and acquisitions. But for Straub (2007) mergers and acquisition have often failed to add significantly to the performance of the banking sector. Surprisingly, the majority of studies comparing pre and post mergers performance found that, these potential efficiency derived from merger and acquisitions rarely materialize (Berger et al 1999). Towards this end, Beitel et al (2003) found no gain effect due to mergers and acquisition but for David and Yener (2004), mergers and acquisition played an important role in improving after merger financial performance which is  stimulus for efficiency. Most of the studies examined found that mergers and acquisitions add significantly to the profits of the banking sector, except for Straub (2007) and Rhoades (1993) that have contrary views.

Many developing countries implemented financial reforms as part of broader market oriented economic reforms since the late 1980s (Uboh, 2005). Globally, activities of banks reflects their unique role as the engine of growth in any economy. The importance of the financial sector of an economy which comprises banks and non-banks financial intermediaries, the regulatory framework and the ever increasing financial products, in stimulating economic growth is widely recognized especially in developmental economics. Uboh (2005) set the pace for the landslide of other works on the interdependent relationship between banks and economic growth.

The Nigerian banking system has undergone remarkable changes over the years, in terms of the number of institutions, ownership structure, as well as depth and breadth of operations. These changes have been influenced largely by challenges posed by deregulation of the financial sector, globalization of operations, technological innovations and adoption of supervisory and prudential requirements that conform to international standards. Prior to the recent reforms, the state of the Nigerian banking sector was very weak. According to Soludo (2004), "the Nigerian banking system today is fragile and marginal. The system faces enormous challenges which, if not addressed urgently, could snowball into a crisis in the near future. He identified the problems of the

banks, especially those seen as feeble, as persistent illiquidity, unprofitable operations and having a poor assets base".

Imala (2005) posited that the objectives of banking system are to ensure price stability and facilitate rapid economic development. Regrettably these objectives have remained largely unattained in Nigeria as a result of some deficiencies in our banking system, these include: low capital base, a large number of small banks with relatively few branches, the dominance of a few banks, poor rating of a number of banks, weak corporate governance evidence by inaccurate reporting and non-compliance with regulatory requirements, insolvency as evidence by negative capital adequacy ratios of some banks, eroded shareholders fund caused by operations losses, over dependence on public sector deposit and foreign exchange trading and the neglect of small and medium scale private sectors. The Nigerian banking sector plays marginal role in the development of the real sector.

Soludo (2004) observed that many banks appear to have abandoned their essential intermediation role of mobilizing savings and inculcating banking habit at the household and micro enterprise levels. The indifference of banks towards small savers, particularly at the grass-roots level, has not only compounded the problem of low domestic savings and high bank lending rates in the country, it has also reduced access to relatively cheap and stable funds that could provide a reliable source of credit to the productive sectors at affordable rates of interest.

Imala (2005) also comment that the current structure of the banking system has promoted tendencies towards a rather stick behaviour of deposits rates, particularly at the retail level, such that, while banks 'lending rates, especially those positive in real terms, most deposit rates, especially those on savings, are low and negative. In addition, savings mobilization at the grass-root level has been discouraged by the unrealistic requirements, by many banks, for opening accounts with them.

Soludo (2004) opined that, the Central Bank of Nigerian (CBN) chooses to begin the Nigerian banking sector reforms process with the consolidation and recapitalization policy through mergers and acquisitions. This is done in order to arrest systems decay, restoration of public confidence, building of strong, competent and competitive players in the global arena, ensuring longevity and higher returns to investors. These and many more, act as a spring board to achieving improved and enhanced efficiency and financial performance.

There was existence of eighty-nine (89) banks in the urban centre as at June, 2004, characterized by structural and operational weakness of low capital base, dominance of a few banks insolvency and illiquidity over dependence on public sector deposits and foreign exchange trading. Poor asset quality, weak co-operate governance, a system with low depositor confidence.

Furthermore, the vision of consolidation amongst others includes becoming Africa's financial centre and CBN as one of the best in the world. Within ten years, Nigerian bank(s) should be among the top 50 of the 100 banks in the world. Facilitate evolution of a strong and save banking system, improved transparency and accountability in the sector. Drive down the cost structure of banks and make them more competitive and development oriented. A new banking system that depositors can trust and investors can rely upon to usher in a new economy.

## 3.0    METHODOLOGY

The population was all the fifteen (15) banks currently quoted in the official daily list of the Nigerian Stock Exchange (NSE) weekly equities summary as at 31st August, 2011 making up the Nigerian Banking Sector.

The study examined seven commercial banks. These banks are chosen as sample for the study using simple random, convenient and judgment techniques of sample selection.

To be selected as a sample, the banks must meet the following criteria: they must retain their identities prior to and after the mergers and acquisitions activities, members of the groups as a result of mergers and acquisition bid must not exceed three and their Managing Directors must never be sacked by the CBN governor under the current reform process.

Data were collected from secondary source through compilation and extracts from published data including published audited financial account of sampled banks from 2001-2010, Nigerian Deposit Insurance Corporation Annual Reports, Nigerian Stock Exchange Market Summary and other relevant materials which were duly referenced.

Descriptive statistics was employed to describe effectiveness of merger and acquisition (consolidation) on the performance of banks by using tables, ratios and percentage to measure deposits, profit and sales growth rates (gross-earnings). While formulated hypotheses was tested using inferential statistical techniques of regression analysis of the form.

$$Y = a + b X + u$$

**Where:**

| | |
|---|---|
| Y | = dependent variable (deposit, profit, gross earnings) |
| a | = intercept parameter (where the regression surface crosses the y-axis) |
| b | = Slope parameter (measures the degree of responsiveness of dependent variables to independent variable) |
| x | = independent variable (merger and acquisition (consolidation) |
| u | = stochastic error term (unexplained variance) |

Also, Analysis of Variance (ANOVA) was employed to confirm the significance of the contributions with F-test to determine the equality of the two variables. All these were obtained in the Statistical Package for Social Sciences (SPSS).

Decision rule at any level of significance is that the null hypothesis is rejected if the calculated value is greater than or equal to the critical value, otherwise the null hypothesis is accepted.

We used the two tailed test at 0.05 level of significance. The 0.05 level of significance for rejection of null hypothesis, means a researcher is willing to accept the probability that chances are less than five in one hundred, that the observed difference is due to sampling error. Therefore, the probability of committing a type one error is less than 5%.

## 4.0 RESULT AND DISCUSSION

With respect to hypothesis one, the inferential analysis as obtained in Table 1 indicates a positive relationship of 0.812 between M & A and deposit profile of commercial banks. The test further revealed that M&A accounted for 65.9% variations in banks deposits which mean that M&A had 65.9% contribution to bank deposits. In order to confirm the significance of this contribution, the analysis of variance table value of 63 697 at 0.05% level of significance. Thus, the contribution of M&A to bank deposits was not by chance, hence the null-hypothesis was rejected and alternative hypothesis upheld. The implication of this was that merger and acquisition has significant effect on deposit profile of commercial bank. Furthermore, the regression analysis also indicates that M&A accounted for 4.468 of every change in bank deposits.

Model one expresses the average change in bank deposit given the effect of the M&A in the banking sector. This means that given a unit positive effect of M&A, the bank deposit will increase by 4.468.

**Table 1 Model Summary**

| Model | R | R Square | Adjusted R Square |
|---|---|---|---|
| 1 | 0.812 | 0.659 | 0.648 |

**Predictor:** (Constant) Merger and Acquisition (M&A)
**Dependent Variable:** Deposit

**Table 2 Coefficient**

| Model | Under Standardized Coefficients | | Standardized Coefficient | | |
|---|---|---|---|---|---|
| | Beta | Std Error | Beta | T | Sig. |
| 1. (Constant) M&A Deposit | 163228.885 | 55662.819 | | 2.932 | 0.006 |
| | 4.468 | 0.560 | 0.812 | 7.981 | 0.000 |

**Dependent Variable:** Bank Deposit

**Table 3 ANOVA**

| | Model | Sum of Square | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1. | Regression Residual | 3603517828228.026 | 1 | 360351782228.026 | 63.697 | 0.000 |
| | | 1866905820302.661 | 33 | 56572903645.535 | | |
| | Total | 547042364850.680 | 34 | | | |

**Predictors: (Constant) Merger and Acquisition (M&A)**          **Dependent Variable: Deposit**
Source: Data Analysis, 2012

The findings also has presented in table 4 indicates a relationship of 0.678 between M&A and profits declared by commercial banks. It was further revealed that M&A contributed to profit level by just 45% which implies a low contribution was observed. The $R^2$ further confirmed the test with an F value of 28.006 which was not statistically significant at 5% level. Thus, the performance in respect of profits declared by banks could be said to be by chance when attributed to the M&A. The regression results also revealed that M&A accounted for 2.151 for every change in profit level. The implication of this was that merger and acquisition has significant effect on profitability level of commercial banks.

Model two expresses an increase in profit after tax by 2.151units as a result of a unit increase in M&A.

**Table 4 Model Summary**

| Model | R | R Square | Adjusted R Square |
|---|---|---|---|
| 2 | 0.678 | 0.459 | 0.443 |

**Predictor: (Constant) Merger and Acquisition (M&A)**
**Dependent Variable : Profit After Tax**

**Table 5   Coefficient**

| Model | Under Standardized Coefficients | | Standardized Coefficient | | |
|---|---|---|---|---|---|
| | Beta | Std Error | Beta | t | Sig. |
| 2. (Constant) M&A Profit After Tax | 6307.048 | 1637.028 | | 3.853 | 0.001 |
| | 2.151 | 0.406 | 0.678 | 5.292 | 0.000 |

**Dependent Variable:** Profit after Tax

**Table 6 ANOVA**

|  | Model | Sum of Square | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 2. | Regression Residual | 1690765424.969 | 1 | 1690765424.699 | 28.006 | 0.000 |
|  |  | 198224294.202 | 33 | 60370997.612 |  |  |
|  | Total | 3683003846.171 | 34 |  |  |  |

**Predictor: (Constant) Merger and Acquisition (M&A)**
**Dependent Variable: Profit after Tax**
Source: Data Analysis, 2012

The result, as shown in table 7, indicates a positive relationship of 0.669 between M&A and the sales of a bank. The result further acknowledges that M&A contributed to the sales volume of commercial banks by 44%. The contribution was further confirmed with an F value of 26.744 which was statistically significantly to the sales level attained by commercial banks. This shows that merger and acquisition has significant effect on the gross earnings of commercial banks. It was observed that for every change in banks M&A sales changes by 2.970.

The model expresses the contribution of M&A on gross earnings of the banks. The regression indicates that given a unit change in the M&A, the gross earnings will increase by 2.970.

**Table 7   Model Summary**

| Model | R | R Square | Adjusted R Square |
|---|---|---|---|
| 3 | 0.699 | 0448 | 0.431 |

**Predictor: (Constant) Merger and Acquisition (M&A)**
**Dependent Variable: Gross Earnings**

**Table 8 Coefficient**

| Model | Under Standardized Coefficients | | Standardized Coefficient | | |
|---|---|---|---|---|---|
|  | Beta | Std Error | Beta | t | Sig. |
| 3. (Constant) M&A Gross Earnings | 35052.206 | 11962.136 |  | 2.930 | 0.006 |
|  | 2.970 | 0.574 | 0.669 | 5.172 | 0.000 |

**Dependent Variable:** Gross Earnings

**Table 9 ANOVA**

|  | Model | Sum of Square | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 3. | Regression Residual | 72176430066.717 | 1 | 72176430066.717 | 26.744 | 0.000 |
|  |  | 89058413445.454 | 33 | 2698738301.377 |  |  |
|  | Total | 161234843512.171 | 34 |  |  |  |

**Predictor: (Constant) Merger and Acquisition (M&A)**
**Dependent Variable:** Gross Earnings
Source: Data Analysis, 2012

The aforementioned results was corroborated by Sanni (2009), where it was concluded that there was a significant increase in financial performance of the banks after the consolidation exercise in the Nigerian banking sector.

## 5.0 CONCLUSION AND RECOMMENDATIONS

The paper attempted to examine the effects of merger and acquisition on the performance of selected banks in Nigeria. The result showed an enhanced financial performance leading to improved financial efficiency. This was indent with the F-test statistic results of the sewn selected banks as contained in the SPSS output depicted an increase in their combined means for gross earnings, profit and deposit.

The result of these findings was buttressed by De-Nicolo et al (2003) which is of opinion that merger and acquisitions in the financial system could impact positively on both the financial and operational efficiency of most banks also Sobowale (2004) found that banks significantly improved their profit efficiency after mergers.

The study concluded that there is an improved performance on the part of selected commercial banks. This in terms of gross earnings, deposit and profit as the calculated F-values are greater than the critical value at 5% level of significant. Also, the study found that the point consolidation periods has a higher performance in gross earnings; deposit has a better performance while profit after tax is comparatively has low but improved performance than the pre-consolidation period. The finding in this paper is quote in agreement with the work of Nicole et al (2003) and Sanni 2009.

Therefore, the paper recommends that banks should be more aggressive in financial products marketing to increase financial efficiency for an improved financial position in term of gross earnings, profit after tax and deposit profile in order to reap the benefit of post mergers and acquisition bid in the Nigerian banking sector.

Hence, every bank official need to be made a potential marketer, with an understanding that customer enthusiasm and loyalty are founded on a perfect fusion of service delivery and service recovery strategies.

Man power training and re-training is a must for all banks. Investment in information technology acquisition, deployment and training to reflect a commitment to leverage new technologies for the benefit of every sophisticated client that are getting wiser on daily basis in Nigeria need not be over-emphasized. Available high level IT apparatus should be deployed to fashion-out more customer support services in order to improve customer patronage.

## REFERENCES

Ajayi, M. (2005): "*Banking Sector Reforms and Banking Consolidation*": CBN Bullion Abuja Vol: 29, No. 3 April/June.

Akpan, A.B. (2007): "*Effectiveness of Bank Capitalization and Consolidation in Building Market Confidence":* An Assessment of Customers Perception in Nigeria Abuja J. Bus. Admin., 1(2), December.

Altunbas, Y. Ibanez DM(2004) Mergers and Acquisitions and Bank Performances in Europe. The role of strategic similarities. ECB Working Paper in 398 Frankfurt.

Amedu, S. (2004): *"Corporate Takeover, Acquisition and Merger*". The Nigerian Stockbroker, the Official J. Chartered Ins. Stockbrokers, January-March.

Annual Reports of Banks (2001-2005): Access, Diamond, Fidelity, FBN, FCMB, UBA and Wema.

Annual Reports of Banks (2006-2010): Access, Diamond, Fidelity, FBN, FCMB, UBA and Wema.

Augustine, N.K. (2007): *Impact of Nigeria's Bank Consolidation of Shareholders Return*. African Institute for Economic Development and Planning.

Beitel, P. Schiereck D, Wahrenbur, M. (2003): "*Explaining the M & A Success in European Bank Mergers and Acquisitions".* Center for Financial studies Working Paper Series, Johann Wolfgang Geoth University.

Bello, M. S (2004): "*Mergers and Acquisitions as a Strategy for Business Growth in Nigeria*". Nig. J. Acct. Res., 1 (1).

Berger, A. N, Demestz, R. S. Strahan, P.E. (1999): *"The Consolidation of the Financial Services Industry"*: Causes, Consequences and Implications for the Future. J. Banking Finan. , 23 (2-4).

Carbral, I, Dierick F, Vesala. J. (2002): "*Banking Integration in the Euro Area"*, Eur. Central Bank Occasional Pap. 1 (6).

Carleth, E. Hartmann P. Spagnolo G. (2002): *Banking Mergers, Competition and Financial Stability*. Committee of the Global Financial System Conference 2, Part 2.

Carprion L. (1999): "*The Long Term Performance of Horizontal Acquisitions*." INSEAD Work. Pap. 99/24/SM, April.

David, M. I. Yener, A. (2004): "*Merger and Acquisitions and Banks Performance in Europe*": The Role of Strategic Similarities, Eur. Central Bank Work. Pap. Ser., (398), October.

De-Nicolo, G. (2003): *"Bank Consolidation, Internationalization and Conglomeration*": Trends and Implications for Financial Risks. IMF Working Paper 03/158.

Imala, O.I. (2005): "*Challenges of Banking Sector Reforms & Bank Consolidation in Nigeria*". Bullion, 29 (2).

Kathy, L. (2005): *Mergers and Acquisitions.* Another Tool for Traders. Investopedia.

Kwan, S.H, Eisenbeis, R. A (1999): "*Mergers of Public Traded, Public Organization Revisited*" Econ. Rev.,  Federal Reserve Bank of Atlanta, 4th Quarter.

Molyneux, P., Thornton, J (1997) Big-Bank Merger in Europe: An Analysis of the cost implications. Economics 63 (254), 317-329.

Okpanachi J. (2006): "*Effects of Financial Products Marketing Management on Profitability of Some Banks in Nigeria".* ABU J. Mark. Manage., 1 (11), June.

Okpanachi, J. (2007): "*Global Syndromic Nature of Bank Distress. The Nigerian Perspective*". Acad J. Defence Stud., p. 14, February.

Olagunju, A. Obademi, O. (2012) An Analysis of the Impact of Mergers and Acuisitions on Commercial Banks Performances in Nigeria. Pakistan Journal of Social Sciences. 9: 139-146.

Osho, M. (2004): *Consolidation through Merger and Acquisitions:* The African Experience. Conference Proceedings on Consolidation of Nigeria's Banking Industry, Central Bank of Nigeria, Abuja.

Pilloff S.J. Santsmero A.M. (1997) The Value Effects of Bank Mergers and Acuiqisition. Work Paper., Financial Institution Centre, University of Pennyslvania, pp. 97-107.

Rhoades, S.A. (1993): "*The Efficiency Effects of Bank Mergers":* An Overview of Case Studies of Nine Mergers. J. Banking Finan, 22: 273 – 291.

Sanni, M.R (2009): "*Short term Effect of the 2006 Consolidation on Profitability of Nigerian Banks*". Nig. Res. J. Accountancy. Inst. Chartered Account. Nig. 1 (1) October.

Sobowale, D. (2004): *"Soludo's Revolution and ₦25 billion Capital Base Policy*, *The Grave Danger Ahead":* Mergers, Acquisitions and Recapitalization Options, How Feasible. Weekend Vanguard, July.

Soludo, C. (2004): *Consolidating the Nigerian Banking Industry to Meet Development Challenges.* Discussion Paper, http:/www.thisdayonline.com/business.

Stiroh, K. (2002): "Diversification *in Banking: Is Non-Interest Income the Answer"?* Staff Reports, Federal Research Bank of New York, (154). September.

Straub, T. (2007): *Reasons for Frequent Failure in Mergers and Acquisitions. A Comparative Analysis*. Deutscher University Verlag, Wresbaden.

Szapary, G. (2001): *"Banking Sector Reform in Hungary":* Lessons Learned Current Trends and Prospects. In Current Issues in Emerging Market Economies organized by the Croatian National Bank on *28th-30th June.*

Uboh, G.A.T. (2005): *Selected Essays on Contemporary Issues in Nigerian Banking System.* Ibadan: University Press Plc.

Uche U, Walter C N, (2005): "New Capitalization for Banks": Implication for the Nigeria Economy, Adamawa State Univ. Bus. J. 1 (1), January.

Uchendu, O.A. (2005): *"Banking Sector Reforms and (6) Bank Consolidation":* The Malaysian Experience, Bullion, Central Bank of Nigeria, Abuja, 29(2), April/June.

Vander, V.R (2002) Cross-Border Mergers in European Banking and Bank Efficiency. Working Paper Ghent University 152.

**LIST OF BANKS USED FOR THE STUDY**
1. Access Bank Plc
2. Diamond Bank Plc
3. Fidelity Bank Plc
4. First Bank of Nigeria Plc
5. First City Monument Bank Plc
6. United Bank of Nigeria Plc
7. Wema Bank Plc.