Impact of Merger And Acquisition on The Performance of Deposit Money Banks In Nigeria

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ABSTRACT

This study examines the impact of Mergers and Acquisition Strategies on the performances of Deposit Money Banks in Nigeria. The total population of the study is the 24 consolidated Deposit Money Banks in Nigeria from 2002 to 2017. The sample size used is the four selected banks namely: Access Bank Plc., First Bank Plc., Unity Bank Plc., and Union Bank Plc. respectively. Data were collected through primary source of data was used to analyze the first objective while secondary sources of data was adopted in analyzing the second objective. The t-test statistical tool and correlation analysis were used as a relationship determinant between the variables using SPSS Package and findings revealed that, there is a statistical significant relationship between (M&A) and performance of selected Banks. In conclusion the research shows that, there is a significant relationship between Pre- and Post- Merger and Acquisition and Corporate Survival of the selected banks. That, there is a significant relationship between Pre-merger and acquisition and post-merger & acquisition and Performance (Profitability) of the selected banks in terms of Return on Assets (ROA) and Return on Equity (ROE). The study therefore recommends that, Mergers and Acquisition activities should be encouraged because it leads to the corporate Survival of the entire Deposit Money Banks Nigeria. Other sectors facing liquidity issues that are wishing to survive, expand and improve their profit base should in future apply the principles and strategies of mergers and acquisition in their future activities since it leads to good corporate Growth and sustainability.

Keywords: Acquisition, Banks, Deposit, Impact, Merger, Money, Performance.

1.1 Background to the Study

Business Organizations once established are expected to survive up to an unforeseeable future. Apparently, the environment under which these business organizations operate may hardly be predicted. These environments include economic, international, technological, socio-cultural, and legal among others. The interactions of these environmental components within the business organization usually affect such organizations corporate performance especially in the area of corporate image, corporate growth, and profitability. Consequently, such business organizations adjust and keep adjusting at every stage to remain relevant within the society. This scenario has called for almost all organizations to develop survival strategies. The strategies that have captured the researcher's attention are the Merger and Acquisition Strategies. Companies have been combining in various configurations since the early days of business. The most popular form of business combination strategies includes: Integration, Mergers, Acquisition and/or Consolidations (Stahl, Mendenhall & Weber, 2005; Indhumathi, Selvam & Babu, 2011).

Integration as a business growth strategy aimed at maximizing the use of unexploited avenues in the organizations wider environment. Merger and Acquisition (M&A) are both aspects of strategic management, corporate finance and management dealing with the buying, selling, dividing and combining of different companies and similar entities that can help an enterprise grow rapidly in its sector or location of origin, or a new field or new location, without creating a subsidiary, other, child entity or using a joint venture. An acquisition is the purchase of one business or company by another company or business entity. Such purchase is usually of 100%, of the assets or ownership equity of the acquired entity. Acquisition occurs when two companies combine together to form a new enterprise altogether, and neither of the previous companies remains independently. Acquisitions are divided into 'private' and 'public' acquisitions, depending on whether the acquirer or merging company (also termed a target) is or is not listed on a public stock market (Douma & Schreuder, 2013)

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; and the tolerance of deficiencies in the corporate governance behaviour of banks (Uchendu, 2005). Banking sector reforms and recapitalization have resulted from deliberate policy response to correct perceived or impending banking sector crises and subsequent failures. A banking crisis can be triggered by weakness in banking system characterized by persistent illiquidity, insolvency, undercapitalization, high level of non-performing loans and weak corporate governance, among others. Similarly, highly open economies like Nigeria, with weak financial infrastructure, can be vulnerable to banking crises emanating from other countries through infectivity. It is therefore imperative for the Central Bank of Nigeria to introduce measures that will reduce the exposure and enhance the stability of the nation's financial system. A defensive measure that will strengthen the existing banks and put the new ones on a good start up is needed, hence the introduction of a new capital base of N25billion. However, it is on the bases of the forgoing that the researcher intends to investigate how Merger and Acquisition (M&A) Strategies can impact either positively or negatively or both on the performance of the banking sector in Nigeria.

1.2 Statement of Problem

In the last three decades, both the manufacturing, and the financial institutions in Nigeria have folded up dramatically for various reasons ranging from; liquidity, insolvency, fraudulent practices, inadequate capital, bad management within these sectors, government policies, insecurity and other environmental factors (Nwosu, 2015). 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". These failures have given rise to many organizations coming up with survival strategies (Merger and Acquisition Strategies inclusive). Also in today's banking environment corporate restructuring exercise such as: merger and acquisition, takeovers, amalgamation etc. are said to have increased the capital adequacy of especially the commercial banks. further researches have also shown that Merger and Acquisition strategies have produced positive results in terms of organizational performance, (NSE,2006; Akinbuli & Kelilume,2013; Douma & Schreuder, 2013; Straub,2007). It is in this light that, this study therefore, seeks to investigate how Merger and Acquisition Strategies can become a pivotal driver in the profitability of commercial banks in Nigeria.

1.3 Research Questions

This research work is guided by the following

Questions:

1. To what extent can Merger and Acquisition Strategies promote the survival of the Deposit Money Banks in Nigeria?
2. To what degree can Merger and Acquisition Strategies improve the Profitability level of the Deposit Money Banks in Nigeria?

1.4 Objectives of the Study

The major objective of this study is to assess the impact which Merger and Acquisition Strategies have on the performance of the Deposit Money Banks in Nigeria.

The Specific Objectives include:

1. To assess the extent to which Merger and Acquisition Strategies can promote corporate survival of the Deposit Money Banks in Nigeria.
2. To examine the degree to which Profit can be improved under Merger and Acquisition Strategies in the Deposit Money Banks in Nigeria.

1.5 Statement of Hypotheses

The following null Hypotheses have been postulated for this study:

$H0_1$: There is no significant relationship between Merger and Acquisition Strategies and corporate survival of the Deposit Money Banks in Nigeria.

$H0_2$: There is no significant relationship between Merger and Acquisition Strategies and profitability level of the Deposit Money Banks in Nigeria.

1.6 Significance of the Study

This study will be of great significance to all organizations currently undergoing survival and liquidity difficulties as they embark on Merger and Acquisition Strategies to improve their corporate survival, and Profitability that shall benefit both the acquired and the merging firms.

Managers of different organizations will also be furnished with the needed insight on how best to manage their organizations especially those about merging and acquiring others for effective and efficient performance.

Government regulatory agencies saddled with the responsibility of Merger and Acquisition will also find this study useful and benefitting in the cause of policy formulation.

The study will also serve as a reference material for teaching and learning among students of various institutions of higher learning, and other researchers in the area of mergers and acquisitions in the field of business administration and management respectively.

1.7 Scope of the Study

This study covers only two strategies namely, Merger and Acquisition Strategies (Independent Variables). The Performance Variable to be covered shall include corporate survival, and Profitability (Dependent Variables). The study also covers only four Deposit Money Banks in Nigeria namely: Access Bank Plc, First Bank Plc, Unity Bank Plc, and Union Bank Plc respectively. This is because; they are some of the banks that retained their names even after the consolidation exercise. The study covers a period of sixteen (16) years beginning from 2002-2017, (years of Pre-merger and Acquisition and the years of Post-Merger and Acquisition). The study looks at the financial reports of these banks before and after the merger and acquisition period.

1.8 Limitations of the Study

The study is limited to only two strategies: Merger and Acquisition strategies out of the many strategies we have. The study is also restricted to only four banks in Nigeria. The Data is restricted to Secondary (Company Financial Reports) and Primary Data (Questionnaire). The study is limited also to those banks that participated actively in merger and acquisition activities and still maintained their names. Other limitations that the researcher faced were the inability to collect data from the respondents in order to achieve objectives one in the study and also to obtained information from the management of selected banks from their annual financial statements but however, the researcher overcame these limitations with the help of some staff in these firms who assisted in giving out the necessary information needed in this research work.

2.1 Theoretical framework and Literature Review

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, as average capital base of Nigeria banks was $10 million which is very low, 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 operating losses, over dependence on public sector deposit, and foreign exchange trading and the neglect of small and medium scale private savers. The Nigeria banking sector plays marginal role in the development of the real sector.

In his comment, Soludo (2004) said that low capitalization of the banks has made them less able to finance the economy, and more prone to unethical and unprofessional practices. These include poor loan quality of up to 21 per cent of shareholders' funds compared with 1–2 percent in Europe and America; overtrading, abandoning the true function of banking to focus on quick profit ventures such as trading in forex and tilting their funding support in favour of import-export trade instead of manufacturing; reliance on unstable public sector funds for their deposit base; forcing their female marketing staff in unwholesome conduct to meet unjustifiable targets in deposit mobilization; and high cost of funds.

2.2 Banking Sector Reform in Nigeria

Banking sector reforms in Nigeria are driven by the need to deepen the financial sector and reposition the Nigeria economy for growth; to become integrated into the global financial structural design and evolve a banking sector that is consistent with regional integration requirements and international best practices. It also aimed at addressing issues such as governance, risk management and operational inefficiencies, the centre of the reforms is around firming up capitalization. (Ajayi, 2005) Capitalization is an important component of reforms in the Nigeria banking industry, owing to the fact that a bank with a strong capital base has the ability to absolve losses arising from non performing liabilities. Attaining capitalization requirements may be achieved through consolidation of existing banks or raising additional funds through the capital market.

In his maiden address as he resumed office in 2004, the current Governor of Central Bank of Nigeria, Soludo, announced a 13-point reform program for the Nigerian Banks. The primary objective of the reforms is to guarantee an efficient and sound financial system. The reforms are designed to enable the banking system develop the required flexibility to support the economic development of the nation by efficiently performing its functions as the pivot of financial intermediation (Lemo, 2005). Thus, the reforms were to ensure a diversified, strong and reliable banking industry where there is safety of depositors' money and position banks to play active developmental roles in the Nigerian economy.

The key elements of the 13-point reform programme include:

- ✪ Minimum capital base of N25 billion with a deadline of 31st December, 2005;
- ✪ Consolidation of banking institutions through mergers and acquisitions;
- ✪ Phased withdrawal of public sector funds from banks, beginning from July, 2004;
- ✪ Adoption of a risk-focused and rule-based regulatory framework;
- ✪ Zero tolerance for weak corporate governance, misconduct and lack of transparency;
- ✪ Accelerated completion of the Electronic Financial Analysis Surveillance System (e-FASS);
- ✪ The establishment of an Asset Management Company;
- ✪ Promotion of the enforcement of dormant laws;
- ✪ Revision and updating of relevant laws;
- ✪ Closer collaboration with the EFCC and the establishment of the Financial Intelligence Unit. Of all the reform agenda the issue of increasing shareholders' fund to N25 billion generated so much controversy especially among the stakeholders and the need to comply before 31st December, 2005.

2.3 Structure and Size of Banking Industry in Nigeria

As depicted by the information in Table 1. Nigeria banking industry has remained narrow and fragile. Bank per million people is very low. It was five banks per million in 1970 and rose to its peak of 26.6 in 1993 and stagnated in this figure even until 2003. It shows that Nigeria is still under banked and this could explain why much of money supply is outside the banking systems. The asset base and numbers of the banks is also not impressive. The Bank asset as ratio of GDP which was 22.6 percent in 1970 rose to 65.9 percent; its peak in 1986 fell gradually to its lowest value of 19.4 percent in 1996 a decade after it got to its peak. The rise and fall of the asset ratio might be explained by the swing in the financial performance between these periods. The banking sector was liberalized in 1986 and more banks were established which led to increase in asset base as more money was brought to the banking sectors. However, the bank crises in the 1990s brought about fund withdrawal from the banking sectors this adversely affected the asset base of the overall banking system in Nigeria and hence the fall in asset based of the bank. The effort to revamp the banking

sectors through several financial reforms and regulation introduced from 1994 cumulated in upward movement in bank asset from 1997 but could only rise to 49.6 percent in 2002 which is still less than the preSAP era. In term of both bank per population and asset ratio it is therefore obvious that the Nigerian banking system is still fragile, narrow and shallow. It might consequently explain the low level of bank performance as mover of economic growth through financial intermediation. Most of the banking activities are primarily expected to be directed to financial intermediation as engine of economic growth but evidence from studies in Nigeria showed that most of these banks engaged in nontraditional banking activities like revenue collection, sales point for commercial activities and educations. The bulk of their lending was directed to tertiary sector at the neglect of the real sector.

2.4 Reasons for Mergers and Acquisitions

The reasons for Mergers and Acquisitions According to Muyiwa (2006), the key common reasons that influence positively the decision to undertake a merger or acquisition exercise are:

i. **Source of Supplies:** The acquiring company may be seeking to safeguard the source of supply for materials so that it will not be thrown out of business suddenly.

ii. **Management Expertise:** The motive here is to acquire management team that is highly experienced, aggressive, and competent of managerial tactics.

iii. **Increased Market Share:** According to Ernst and young (1995), increase in market share is one of the plausible benefits of mergers and acquisitions. This eliminates competition or protects an existing market. Nwude (2003), mergers often provide the quickest entry into other markets and industries.

iv. **Risk Diversification:** Diversification could be defined as the penetration of the markets other than the company's traditional market. Diversification therefore spreads business risk (Nwude, 2003).

v. **Stock Quotation:** A private Company unable to meet the listing requirements of the Stock Exchange but desirous of public quotation may integrate with a publicly quoted company in order to realize its goal (Okpanachi, 2010).

vi. Technological Drive: A company desirous of enhancing its operations but constrained by its inability to easily access the needed technology may be driven into merging with another which has the technological advantage over it (Muyiwa, 2006).

vii. **Profit:** The aim of merger or acquisition should be to make profit. Thus, business combination provides a means of entering a market at a lower cost than would be incurred if the company tried to develop its own resources.

viii. **Desired for Growth:** A company with a view to harnessing the facilities of the other company to achieve the desired growth may enter into merger arrangement.

ix. **Economy of Scale:** This refers to the fact that the combined company can often reduce its fixed costs by removing duplicate departments or operations, lowering the cost of the company relative to the same revenue stream, thus increasing profit margins.

x. **Economy of Scope:** This refers to the efficiencies primarily associated with demand-side changes, such as increasing or decreasing the scope of marketing and distribution of different types of products.

Facilitators in Merger and Acquisition are earmarked in this study from, Nwude (2003), Garba (2006) and Augustine (2007), enumerated the facilitators in mergers and acquisitions as follows:

i. **Financial Advisers to Integrating Companies:** The financial advisers to the combing companies advise their clients on the financial implication of the exercise.

ii. **Reporting Accountants to the Companies:** The reporting accountants to the combining firms review the accounts prepared for the purpose of the merger and acquisition and give their findings or opinions.

iii. **Solicitors to the Companies:** The solicitors handle all legal issues on behalf of their clients as it relates to the merger and acquisition.

iv. **Registrars:** The registrars handle the transfer of share, update register of members, cancel old share certificate and issue new share certificates.

v. **Stockbrokers:** The stockbrokers market the shares, assist in taking the shares to the stock exchange floor.

2.5 Types of Merger:

✧· **Vertical Merger**

A merger between two companies producing different goods or services for one specific finished product. A vertical merger occurs between two or more firms operating at different levels within an industry's supply chain. The logic behind these mergers is to increase efficiency. In a vertical merger a firm purchases one of its suppliers (a backward

merger) or merges with one of its customers (a forward merger), (Walter, 1985.311).

✧· **Conglomerate Merger**

A conglomerate merger involves the acquisition of an unrelated business. The acquired firm is usually one of many under the corporate umbrella of the acquired firm and it perceived as providing profitable diversification. Occasionally the acquiring firm will send a new team from headquarters to manage the unit (Nahavandi and Malekzadeh, 1993,40).This is a merger between firms that have no common business areas. There are two types of conglomerate mergers: pure and mixed. Pure conglomerate mergers involve firms with nothing in common. While mixed conglomerate mergers involve firms that are looking for product extensions or market extensions (Walter, 1985).

✧· **Market-Extension Merger**

This occurs between two or more companies that sell the same products but in different markets. The main purpose is to ensure that the merging companies can get access to a bigger market and a bigger client base.

✧· **Product-Extension Merger**

Takes place between two business organizations that deal in products that are related to each other and operate in the same market. This type of merger allows the merging companies to group together their products and get access to a bigger set of consumers. This ensures that they earn higher profits. In addition there are two types of mergers that are distinguished by how the merger is financed (Bowman and Singh,1999).

✧· **Concentric Mergers**

Concentric mergers occur between two firms with highly similar production or distribution technologies (Walter, 1985,311). A merger between a motorcycle manufacturer and an automobile manufacturer would be an example. (Nahavandi and Malekzadeh, 1993). Both kinds of corporations service transportation needs, but they are unique structurally.

✧· **Horizontal Merger**

In horizontal mergers one corporate acquires another corporation whose products or services is closely related or the same type (Nahavandi and Malekzadeh, 1993, 27). This is a merger between companies in the same industry and shares the same product lines and markets. Also a merger between Coca-Cola and Pepsi beverages division, For example, would be horizontal in Nature. This would increase the market share as well as reduce costs.

2.6 The Theories of Merger and Acquisition Strategies

This research shall be anchored by the following theories of Merger and Acquisition Strategies:

(a) Efficiency Theories

Adeyemi, and Adeyemi, (2016), this theory holds that mergers and acquisitions have good potentials for social benefits. They generally involve improving the performance of incumbent management or achieving a form of synergy. These theories will now be considered separately in order to clearly differentiate them and because each by itself, may explain certain classes of mergers.

(i) Differential Managerial Efficiency

This is the most general theory of mergers and acquisitions that can be formulated. In everyday language, such a theory operates where the management of firm A is more efficient than the management of firm B and if after firm A acquires firm B, the efficiency of firm B is brought up to the level of efficiency in the acquiring firm. Differential efficiency would most likely be a factor in mergers between firms in related industries where the need for improvement could be more easily identified thus, it is more likely to be a basis for horizontal mergers. (Adeyemi, and Adeyemi, 2016).

(ii) Operating Synergy

This theory assumes that economies of scales exist in the industry and that prior to the merger; the firms are operating at levels of activity that fall short of achieving the potentials of economies of scale. It included the concept of complementary capabilities. Operating Synergy may be achieved in horizontal, vertical and even conglomerate mergers. For example, one firm might be strong in research and development (R&D) but weak in marketing while another has a strong marketing department without the R&D capability. Merging both firms will result in operating synergy (Adeyemi, and Adeyemi, 2016).

(iii). Financial Synergy

This theory hypothesizes complementariness between merging firms, not in management capabilities, but in the availability of investment opportunities and internal cash flows. A firm in a declining industry will produce large cash flows since there are few attractive investment opportunities. A growing industry has more investment opportunities than cash with which to finance them. These conditions will provide a basis for merging. The merged firm will have a lower cost of capital due to the lower cost of internal funds as well as possible risk reduction, savings in floatation costs and improvements in capital allocation (Adeyemi, and Adeyemi, 2016).

(b) Agency Problems and Managerialism

Agency problems may result from a conflict of

interest between managers and shareholders or between shareholders and debt holders. A number of organizations and market mechanisms serve to discipline self-serving managers and mergers and acquisitions are viewed as the discipline of last resort. Managerialism on the other hand, views mergers and acquisitions as a manifestation of the agency problem rather than its solution. It suggests that self-serving managers make ill-conceived combinations solely to increase firm size and their own compensations (Adeyemi, and Adeyemi, 2016).

(c) The Free Cash Flow Hypothesis

According to Jensen (1986) in Adeyemi, and Adeyemi, (2016) hypothesis states that mergers and acquisitions arise because of large agency costs associated with conflicts between managers and shareholders over the payout of free cash flow that is in excess of investment needs. According to him, shareholders and managers have serious conflicts of interest that can never be resolved perfectly. When these costs are large, mergers and acquisitions can help to reduce them.

Theoretical Base of the Study:

This theory “The Free Cash Flow Hypothesis Theory” was adopted by the researcher because; it best explains the concept of Mergers and Acquisition in an Organization. Companies go into M&A partly because of shareholders satisfaction that allows confidence, trust to reinvest, minimization of cost and to maximize profit.

(d) Market Power

One reason often given for a merger or acquisition is that it will increase a firm's market share. Essentially, there appears to be a high degree of correlation between increased market share and increased profitability. This view is closely aligned to the economies of scale argument; since increasing market share usually entails a higher level of production, economies of scale will be achieved. Increasing market share by mergers and acquisitions might entail investigation by the anti-trust authorities because they are seen to result in undue concentration (Adeyemi, and Adeyemi, 2016).

2.6 Empirical Review

Aronu, et al. (2013), investigated, Determining the Survivorship of Commercial Banks in Nigeria, This study is on determining the risk of survival of commercial banks in Nigeria using Survival Analysis. Survival analysis involves the modeling of time to event data; where death or failure is considered an "event" in the survival analysis literature. Also, it was observed that the explanatory variables Merger history, Age of operation in Nigeria, Revenue and Asset has no significant contribution to the survival of the banks.

Adedeji, et al (2015), examined, Recapitalization Policy and Performance of Banks in Nigeria (2006 - 2013) One of the regulatory controls of Central bank of Nigeria to ensure that the banking system is efficient and operationally effective is the regulation of bank capital base through capital requirement policy. While the regression analysis was used to test the significant impact. Findings revealed that recapitalization policy has positively affected and significantly improved the banks' performance.

Daniya, et al (2016), examined, Impact of Merger and Acquisitions on the Financial Performance of Deposit Money Banks in Nigeria. The overall objective of this study is to examine the impact of mergers and acquisitions on the financial performance of some selected deposit money banks in Nigerian from 2002 to 2008. This paper used Returns on Asset (ROA) and Return on Equity (ROE) of the selected banks to measure the financial performance of the banks before and after consolidation. Data for the study were analyzed using T-test statistics and it was revealed that bank witnessed improved and robust financial performance owing to merger and acquisition leading to more financial efficiency in the Nigerian banks.

3.1 Research Methodology

To achieve the set objectives, the researcher has adopted the use of both primary data (questionnaire) and secondary data (financial banks statements). The numbers of 80 copies of questionnaire were structured for the five selected banks. However, 5 representing 25% of this population were selected as the sample size. The staff of the five banks were categorized and stratified into junior staff, senior staff and management staff. The structured questionnaires were randomly administered to 50 respondents from the selected 5 out of the 24 existing deposit money banks in Nigeria. A total of 10 staff were selected from each of the 5 banks comprising 4 randomly selected junior staff, 3 senior staff and 2 management staff. However, and 10 junior management staff randomly and in all, 40 of the questionnaires were duly filled and retrieved from the exercise.

3.2 Population of the study

The population of the study covers all the twenty four (24) banks that scale through the 2005 CBN consolidation exercise. This includes all the banks that recapitalized through the issuance of common stock, merger and acquisition. They are shown in table 1

Table 1. Population of the Study

S/NO	Bank Name After 2005 Merger & Acquisition (M&A)	Component Members of Consolidated Banks
1.	Access Bank Plc.	Marina Bank, Capital Bank International, Access Bank
2.	Africanbank Nigeria Plc.	AfribankPlc., Afrimerchant Bank
3.	Diamond Bank Plc.	Diamond Bank, Lion Bank, African International Bank
4.	ECOBank	ECOBank
5.	ETB Plc	Equatorial Trust Bank, Devcom
6.	FCMB Plc	First City Monument Bank, Co-operative Development Bank, Nigerian American Bank, Midas Bank
7.	Fidelity Bank Plc	Fidelity Bank Plc, FSB, Manny Bank
8.	First Bank (FBN) Plc	FBN Plc, FBN Merchant Bank, MBC
9.	First inland Bank Plc	IMB, Inland Bank, First Atlantic Bank, NUB
10.	Guarantee Trust Bank Plc	GTBank Plc
11.	Intercontinental Bank Plc	Global Bank, Equity Bank, Gateway Bank, Intercontinental Bank
12.	NIB	Nigerian International Bank
13.	Oceanic Bank Plc	Oceanic Bank, International Trust Bank
14.	Platinum-Habib Bank Plc	Platinum-Habib Bank Plc
15.	Skye Bank Plc	Prudent Bank, Bond Bank, Coop Bank, Reliance Bank, EIB
16.	Spring Bank Plc	Guardian Express Bank, Citizens Bank, Fountain Trust Bank, Omega Bank, Trans International Bank, ACB
17.	Stanbic Bank Ltd	Stanbic Bank, Regent Bank, Chartered Bank, IBTC
18.	Standard Chartered Bank Plc	Standard Chartered Bank Plc
19.	Sterling Bank Plc	Magnum Trust Bank, NBM Bank, NAL Bank, INMB, Trust Bank of Africa
20.	United Bank for Africa Plc	Standard Trust Bank, UBA Plc., Chartered Trust Bank
21.	Union Bank Plc	Union Bank, Union Merchant Bank, Universal Trust Bank, Broad Bank
22.	Unity Bank Plc	New Africa Bank, Tropical Commercial Bank, Centre-Pointe Bank, Bank of the North, NNB, First Interstate Bank, Intercity Bank, Societal Bonaire, Pacific Bank
23.	Wema Bank Plc	Wema Bank, National Bank
24.	Zenith International Bank Plc	Zenith International Bank Plc

Source: Generated from Nigerian Stock Exchange Fact Book, 2012/2013

3.4 Sample size and sampling technique

The study used judgmental sampling technique to select five (5) banks from the population. Banks that were selected are those banks that retain their identities prior to and after the merger and acquisition activities. The sample size for the study as shown in Table 2.

Table 2.

SNO.	Sample size of Banks Studied
1.	Access Bank Plc
2.	First Bank Plc
3.	Unity Bank Plc
4.	Union Bank Plc

Source: *Researchers Compilation, 2018*

3.5 Method of data collection and data analysis

The data for this study were collected using primary source which is structured questionnaire for objective one in the study. Also quantitatively data is retrieved from the financial annual reports and account of the studied deposit money banks. Descriptive and T-test statistics were used to analyze the data obtained from the sampled banks using SPSS.

4.1 Results and Discussion

TheT-test statistical tool specified in the methodology is translated using SPSS result output as thus:

Table 3. H0: There is no significant relationship between Merger and Acquisition Strategies and corporate survival of the Deposit Money Banks in Nigeria.

Pairwise T-test Statistic

Variable	N	Mean	Std. Dev.	Crit-t	Cal-t	DF	P
Merger & Acquisition	4	27.8352	5.94863				
Banks Survival	4	37.5224	5.13654	1.92	17.122	57	.0004

Source. Field Survey, 2018 using SPSS.

Table 3. H0: There is no significant relationship between Merger and Acquisition Strategies and profitability level of the Deposit Money Banks in Nigeria.

Table 3. Descriptive Statistics of Variance

	N	Minimum	Maximum	Mean	Std. Deviation
Preroa	04	.000	.04	.0157	.01154
Postroa	04	-.11	26.32	2.1632	7.58340
Preroe	04	-.04	6.22	1.9316	1.67005
Postroe	04	-2.33	4.64	2.0186	2.31926
Valid N (Listwise)	04				

Source: Generated from the Annual Reports of the Sampled Banks Using SPSS

The Table 3 shows the mean values of 0.0157 and 2.1632 for pre- and post-merger and acquisition (ROA) with minimum and maximum of 0.000, -0.11 and 0.04, 26.33 respectively. The standard deviation of 0.1154 and 7.58340 reveals that the deposit money banks vary greatly in their ROA pre-merger and acquisition and post-merger and acquisition period. Also, the pre-merger and acquisition (ROE) shows a mean value of 1.9322 while post-merger and acquisition (ROE) reveals a mean value of 2.0184. The standard deviation values of 1.67005 and 2.31926 for the two periods under study shows high variation in (ROE) for the two periods under study.

Table 4. T-test paired two samples for means of ROA and ROE

	ROA		ROE	
	Pre- M & A	Post- M & A	Pre- M & A	Post- M & A
Mean	.0194	2.1936	1.9322	2.0184
Std. Dev.	.01165	7.59660	1.67008	2.31947
N	04	04	04	04
Mean Correlation	.012		-.206	
DF	11		11	
T-test	-.991		-.096	
Sig. (2-tailed)	.343		.925	

Source: Computed by the researchers using SPSS

The Table 4 above reveals that the mean of the pre-merger and acquisition (ROA) has increased from 0.0194 to 2.1936 in the post-merger and acquisition, while the (ROE) also increased from 1.9316 to 2.0186. One of the reasons for this may be that the increase in capitalization of Nigerian deposit money banks which is the aimed of the consolidation is yielding the desired results of improving efficiency in banks. Therefore, the null hypothesis which indicates that there is no significant relationship between mergers and acquisitions and the profitability level of deposit money banks before and after consolidation is rejected and the alternative is accepted that, there is a significant relationship between merger and acquisition and profitability level of the deposit money banks in Nigeria.

This study is also consistent with the studies of Adedeji, et al (2015), examined, Recapitalization Policy and Performance of Banks in Nigeria (2006 - 2013) One of the regulatory controls of Central bank of Nigeria to ensure that the banking system is efficient and operationally effective is the regulation of bank capital base through capital requirement policy. It is also in agreement with the studies of Daniya, et al (2016), examined, Impact of Merger and Acquisitions on the Financial Performance of Deposit Money Banks in Nigeria. The overall objective of this study is to examine the impact of mergers and acquisitions on the financial performance of some selected deposit money banks in Nigerian from 2002 to 2008. This paper used Returns on Asset (ROA) and Return on Equity (ROE) of the selected banks to measure the financial performance of the banks before and after consolidation.

5.1 Conclusions and Recommendations

The paper examined the impact of merger and acquisition strategies on the performance of deposit money banks in Nigeria from 2002 to 2017. The result in this study reveals that, there is a significant relationship between merger and acquisition and corporate survival of the deposit money banks in Nigeria. This finding is consistent with the findings of Aronu, et al. (2013) and also that, there is a significant relationship between merger and acquisition and profitability level of the deposit money banks in Nigeria. This study is also consistent with the studies of Adedeji, et al (2015), and it is also in agreement with the studies of Daniya, et al (2016). The study concluded that banks with liquidity issues can adopt merger and acquisition strategies as a mean to achieve efficiency and effectiveness.

In line with the set objectives of the study, the following recommendations were suggested:

i) The management of weaker banks should adopt mergers and acquisition strategies so as to be acquired or merge with struggler banks. The activities of merger and acquisition allow the pulling together of assets and liabilities and for a better outcome and will also enhance their survival.

ii) The management of banks should encourage aggressive financial drive, aggressive marketing, efficient customer care and periodic training of staff so as to achieve increased customer patronage and financial performance in the competing money banking sector of today.

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