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Relevance of Mergers and Acquisition on Financial Performance of Deposit Money Banks: Evidence from Nigerian Banking Industry

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Abstract: *The paper examined the effects of Merger and Acquisition on the financial performance of selected deposit money banks in Nigeria with emphasis on Profit After Tax, Gross Earnings and Asset Growth as financial efficiency parameters. Two Nigeria Deposit Money Bank were selected using convenience and judgemental sample selection methods. Data were collected from the published financial statements of the banks namely former Oceanic bank and Ecobank Plc (now Ecobank Plc) and former Intercontinental Bank Plc and Access Bank (Access Bank Plc). Data were analyzed using Linear Regression statistical tool. The results revealed that Post Merger Financial Performance was significantly improved than the Pre Merger period of the banks. The study therefore recommends that banks can merge or acquire each other as this has proved to become a plat form for rescuing ailing ones and could provides a platform that could enhance batter financial performance.*
Keywords: *Merger, Acquisition, Financial Performance, Deposit Money Banks.*

I. Introduction

Background of Study

The ongoing economic scenario in Nigeria calls for pooling together of our resources and a more efficient utilization of the same to ensure economic rationalization, survey and growth. In order to reduce incidence of liquidation and bankruptcy in the banks as well as reduce on- going unemployment.

Soludo, (2004) who was the governor of C.B.N introduce merger and acquisition as a major policy reform to help those banks that are in distress in Nigeria. The central bank of Nigeria (CBN) close to begin the Nigeria banking sector reforms process with the consolation and recapitalization policy through mergers and acquisition. 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. Some banks like Oceanic Bank, Intercontinental Bank etc, would have dead if not merger and acquisition.

Ajayi (2005) and Augustine (2007) state that, other programmers in the Nigeria 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.

Walter and Uche (2005) supported the current reform framework anchored on against systemic financial crises in the interest if the depositors and secondly to fast track the growth and development of the national economy but because of this matter, the researcher want to take this matter further. The rest of this work will highlight the problem of the study, which is to verify the effectives of merger in the cooperative survive, which the researcher is measuring using Profit After Tax, Gross Earning, Asset Growth. the other part will introduce the problem, chapter two will get the literature review, chapter 3 will be methodology, chapter 4 will analysis the date and chapter 5 will be recommendation.

Statement of Problem

Merger and acquisition which was popular introduce by Soludo (2004) was a tool use to enforce, to ensure the survived of banks in Nigeria, which have works very well in the Nigeria banking sector. Most of the cases show that mergers and acquisition occur as a result of the merging candidate's lack of depth and breathe of managerial strength to pilot their affairs. When banks hake these attributes, the best thing for them to do to stay in business is to merge, to support this, the handful of studies in merger and acquisition (M & A) activities in the Nigeria banking industry provides mixed result for instance.

Mohammed (2005) report that bank mergers taking place in the banking industry do lead on average to improved accounting profitability. Sanni (2009) provide empirical accidence suggestive of limited opportunities for cost saving from large mergers in the banking industry. Olaguuju and Obademi (2012) find out that Merger and Acquisition (M & A) has contributed immensely to the growth of the real sector of banking.

Overall, all these studies provide mixed evidence and inconclusive evidence which appears counter intuitive and many fail to show a clear relationship between mergers and acquisition and performance. Again this bank ground, the research is geared towards evaluating the post – merger performance of Nigerian banking sector. In this light, the following objectives and examined.

Objectives of the Study

The main objective of this study is to examine the effects of Mergers and Acquisition on the financial performance of Deposit Money Banks in the Nigeria. The specific objectives of this study includes:

To examine the effect of Merger and Acquisition in Profit After Tax.

1. To ascertain the effect of Merger and Acquisition on Asset Growth.
2. To determine the effect of Merger and Acquisition on Gross Earnings.

Statement of Hypotheses(Null)

The following hypotheses will guide this study:

$H0_1$ Merger and Acquisition has no significant effect on Profit After Tax.

$H0_2$ Merger and Acquisition has no significant effect on Asset Growth.

$H0_3$ Merger and Acquisition has no significant effect on Gross Earnings.

II. Review Of Related Literature

Conceptual Framework

Definition of Merger

The term Merger, refer to the combination of two or more organizations into one larger organization. Such actions are commonly voluntary and often result in a new organizational name (often combining the names of the original organization). (Jimmy, 2008; Alao 2010). Gnughan (2007) defines it as a combination of two or more corporations in which only one corporation survives. He further stated that the acquiring company assumes the assets and liabilities of the merged firm.

Sudarsanam (2008) stated that terms such as Merger, Acquisition, Buyout and Takeover are used under changeably and are all part of the merger and acquisition parlance but was quick to point out the difference when he described Merger as the process whereby corporations come together to combine and share their resources to achieve common objectives with the shareholders of the merged firms still retaining part of their ownership and thus may sometimes lead in new entity being formed. A Merger is essentially a fusion at two or more company in which one of the combining companies legally exist and the surviving company continues to operate in its original name.

Osamwonyi (2003), defines merger as the pooling together of the resource of two or more corporate bodies, resulting in one surviving company while the other is absorbed and ceases to exist as a legal entity or remains a subsidiary if it survives. Emekewue (2014) define merger as a combination of two or more formally independent business units into one organization with a common management and ownership. It can be regarded as an amalgam of two or more companies involved in the merger that is the firms involved in the merger will so to speak lose their identity. It can also be seen as a combination of two or more firms in which one firm is fused into the other. The acquired firm lose its corporate existence and the surviving firm obtains all assets and liabilities. This is distinguishable from a consolidation, in which two or more firms combine to form a totally new corporations. Both old firms cease to exist as firms of different sizes merge.

Acquisition

An Acquisition, on the other hand is the purchased of one organization by another. Such action can be hostile or friendly and the acquirer maintains control over the acquired firm (Jimmy, 2008: Alao 2010). Osamwonyi (2003), described Acquisition as a business combination in which the ownership and management of independently operating companies one brought under the leadership of a single management.

According to Emekekwue (2008) acquisition includes all business and corporate organizational and operational devises and arrangement by which by which the ownership and management of independently operated properties and businesses are brought under the control of a single management. Acquisition involves a larger firm taking over a smaller one. It can even be regarded as a situation where one company the bidder buys total or majority shares from a smaller company. Sudarsanam (2008) says that acquisition resembles more of an arm’s length transaction with one firm purchasing the asset of the other and the shareholders of the acquired firm leasing to be owners of the new firm.

Motives for Merger and Acquisition

The primary motives for mergers and acquisition are cost savings and revenue enhancement.

i. Cost Saving: merger and acquisition can lead to reductions in cost for a variety of reasons as the emerging large banks are expected to enjoy both scale and scope economies on the one hand, and avoid cost duplication, en the other hand.
ii. Revenue Enhancement: merger and acquisition can lead to increased revenues through its effects on firm size, firm scope (through either product or geographic diversification) or market power. Research suggests that mergers may provide some opportunities for revenue enhancement either from efficiency gains or from increased market power (Afolabi, 2011).

Akinsulire (2002) notes that the reasons for mergers and acquisition include to buy up a company having competent management, improve earnings per share, inject fresh ideas for better prospects and enhancement of shareholders wealth, gain access to the financial market, eliminate duplicate and competing facilities, secure scare raw materials, diversity into products or markets or to complete a product range, greater asset backing and enhancing economy of scale and corporate growth.

Modalities of Merger

According to Emekekwue(2008), There are various reasons why firm agree to merge. The reasons for merging will result in the type of merger that will enable them to exploit the benefits of a merger. There are various types of mergers that can be arranged. These include horizontal, vertical and conglomerate mergers.

i. Horizontal or Explicative Merger: This result when two or more firms in the same type of industry merge into one. Example, two or more manufacturing firms could merge, poultry feed mills could merge into, one under this arrangement the firm is merely enlarged to allow for economics of scale and, removing duplicity of function.
ii. Vertical or Complementary Merger: This type of merger results when firms combine so as to complement one another. It can even be regarded as a fusion or two or more firm and different stages of marketing or production of a single product.
iii. Conglomerate merger: This is a form of external growth though mergers of companies whose businesses are not related either vertically or horizontally. The word suggests a union of unlike bodies to form on amorphous organization.

Benefit of Merger

According to Emekaekwue (2008), Questions have been asked in why firms should want to merge their business with another firm when pride of ownership, enhanced status and undiluted control are motivating factors in business arrangement. A lot of reasons have been adduced for this, these reasons are subsumed under aggressive and defensive strategy. It is defensive, if it is aimed at wiping out competition by controlling important source of raw materials, capital or even marketing out left. A strategy is aggressive if it aimed at capturing markets that have hitherto proved difficult to penetrate. Attempts will now made to analyze the benefits in detail.

i. **Income Enhancement**

A firm many discover that despite all efforts on its side a strong sustainable and profitable competitive position cannot be produced without a change in the share of the market. A fundamental reason for acquisition is the desire to enhance income. A combined company may generate greater income than two separate companies. Increased income many come from improved marketing, strategic advantage, monopoly power or market power or market power and increased market share. As regards to marketing, a merger can bring about a significant improvement in previously ineffective media programming and advertising efforts, a weak existing distribution network and an in balance product mix.

As regards strategic advantage, some acquisitions are done purely to obtain strategic advantage. This is a process of entering a new industry to exploit perceived opportunities. On monopolizing the market, there are occasions when a company merges with another within the same industry to reduce competition.

ii. **Improve the value of securities**

Large growing firms have earnings capitalized at lower rates, which produces higher market values. The stocks have better marketability, thus reducing risk and allowing for higher price earnings ratio. For instance, If the stock of Unity Plc is selling at ten times its earnings per share and the stock and Diamond Plc and its price earnings ratio stay at ten, then the capitalized value of Diamond Plc has doubled under such a circumstance, the management of portion ltd will be under severe pressure to buy up all the share a Diamond Plc

iii. **Synergy**

This is yet another reason for margining. This is a situation where the product of the merger is in excess of the value of the aggregated value of all the firm considered together .this is often referred to as the two- plus-two- equals five- effect. If a firm acquires another firm in the same industry, a lot of financial advantage might result from the elimination of duplicated activities in the marketing, research, purchasing and administrative areas. For example financial benefits can be achieved in a merger between airlines by eliminating the duplication of existing facilities and runs. In an industrial organization, synergism can occur not only with the elimination of duplicated operations but also with a rounding out of the product line in the hopes of increasing the total demand for the product of both companies.

iv. **Economies of scale**

The concept of economies a scale can be defined as being realized when the firm is operating at or close to the minimum point on its average cost curve. Similarly, economies of scale occur when average cost declines with increase in volume. Economies of scale are possible not only in production, but also in marketing purchasing, distribution, accounting and even finance. The idea is to concentrate a greater volume of activity with a given facility, into a given number of people, into a given distribution system etc. that is increase in volume permits a more efficient utilization of resources.

However there are optimal limits of growth, beyond a certain point increase in volume may be very problematic resulting in less efficiency.

Economics of scale, and the optimal size of a firm the curve on this schedule above show that as a result of economies of scale resulting from a merger, a firm grows to an optimal size beyond this point, any attempt to exploit further growth potentials result.

v. **Use Excess Cash**

A company might find itself with more cash than it requires presently in business operations. It them looks for another business to buy. This is necessary because cash in sterile and it proper use is not made of such access cash, the company might find itself over capitalized. It is widely argued that the only true justification for a merger is to achieve operating economics when the objective of the firm is to maximize the wealth of the shareholders.

vi. **Tax Loss Carry Over**

A firm that makes substantial less is allowed to carry forward the loss and write it off in subsequent years over the profit made. Thus a firm that is carrying over its loss may retain all its profit and use same to defray the loss instead of paying a chunk of that profit as tax to the government. Thus it a profitable firm merges, with a firm carrying over its tax loss, the taxes that the profitable firm would have paid would then be avoided.

vii. **Wider use of a Company's Strength**

It a reputable firm mergers with one that is not so reputable, the more reputable firm will use the might of its reputation to the advantage of the less reputable one.

viii. **Means of Attracting Factor Input and Skilled Manpower**

Qualified, aggressive management it often hand to find and a merger can provide thus essential ingredient with minimal problem. Perhaps raw materials could be the reason for the merger. A firm producing beverage drink can opt to merge with a firm that is the main producer of cocoa, so as to monopolize the raw material from the firm.

ix. **Diversifying Risk**

An industry might have attained its limit of absorptive capacity and so the need to spread to other areas of activity might arise. A merger will thus lead to diversification and a reduction of risk. Merging can reduce instability in earning by opening up how area and strengthening present lines. Since the acquired firm is already producing, there is less risk of loss, and the larger firm becomes more equipped to absorb the risk of future expansion.

Relevance of Merger and Acquisition on Net Profit Margin:

Net Profit Margin, also called profit margin is the most basic profitability ratio that measures the percentage a net income of entity to its net sales. It represents the proportion of sales that is left over after all relevant expenses have been adjusted.

Net profit margin is used to compare profitability of competitors in the same industry, it can also be used to determine the profitability potential of deferent industries which companies in some industries are able to generate high net profit managing, other industries offer very narrow margin. It depends on this extent of competition, elasticity of demand, production differentiation, etc of the relevant product or market.

Merger impact on Return of equity (ROE): is a ration that indicates how much profit the company made in comparison to shareholder equity. The amount of money invested by the shareholders. Its calculated by dividing net income by shareholder equity again as with ROA, the higher the number, the better the value

Effect of Merger and Acquisition on Return on Asset (ROA): ROA is a ration that calculated by dividing the company net income by it assets. The result is a measure of how well the company turns its investment into net income. In short, the higher the number, the higher the value of the company.

For e.g, company A has total asset of 5 million and net income of 2 million and its ROA is 40%. Company B's total asset are B and it net income is also 2 million and so its ROA is 25% clearly, company A'S value is higher because it makes more income on less investment.

Theoretical Framework

The banking sector plays a germane role in the economic development of a nation. The banking sector in any economy serves as a catalyst for economic growth and development through it financial intermediation functions. Banks also provide an efficient payment system and facilitate the implementation of monetary policies. They help to stimulate economic growth by directing funds from the surplus unit of the economy to the deficit unit that needs the funds for productive activities.

According to Uremadu (2007), it is not surprising that governments the world over, attempt to evolve an efficient banking system. The reform are directed at maintaining a sound and efficient banking system for the protection of depositors, encouragement of efficient financial intermediation, competition, maintenance of confidence and stability of the banking system, and protection against systematic risk and collapse (Alashi,2003: Uremadu, 2007). This revolution calls for an adequate capitalization, which is a fundamental basis for solid and safe banking system. An adequate capitalization will give a bank a competitive edge at both global and local markets and enables it to offer better services and eventually increase its earnings. Increase capital base can be achieved through different ways that include merger and acquisition and other consolidation option. As a result, many banks now engage in mergers and acquisition.

Empirical Literature

Numerous studies have empirically examined whether mergers and acquisition one solution to bank problems. Okpanachi (2006) find some evidence of superior post merger period because of the merged firm's enhanced ability to attract loans. They also show increase employee productivity and net asset growth. Walter and Uche (2009) posited that merger and acquisition made Nigeria 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 consideration and capitalization has ensured customers confidence in the Nigerian banking Industry in term of high profit. But, for Sobawale (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.

Evidence as provided by De-Nicolo (2008) and Caprion suggested that mergers and Acquisition in the financial system could impact positively of 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. David and Yener (2004), Merger ans Acquisition played an important role in improving after merger financial performance which is stimulus for efficiency. Most of the studies examined found that merger and acquisitions add significantly to the profits of the banking sector, except for Straub (2007) and Rhoades (1993) that have contrary views.

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, 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 be 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 sectors plays marginal role in the development of the real sector.

Soludo (2004) observed that may banks appear to have abandoned their essential intermediation role of mobilizing saving and inculcating banking habit at the household and micro enterprise levels. The indifference of bank towards small savers, particularly at the grass roots level, has not only compounded the problem of low domestic saving and high bank leading rate in the country , it has also reduced access to relatively cheap and stable funs that could provide a reliable source of credit to the productive sectors at affordable rates of interest. Imala (2009) also comment that the current structure of the banking system has promoted tendencies towards a rather stick behavior of deposits rates particularly at the retail level, such that while banks leading rates, especially those in real term, most deposit rates, especially those on savings one low and negative. In addition, saving mobilization at the grass – root level has been discouraged by the unrealistic requirements, byt many banks, for opening account with them.

Soludo (2004) opined that, the central bank of Nigeria (CBN) chooses to begin the Nigeria banking sector reform process with the consolidation and recapitalization policy through merger and acquisition. This is done in order to arrest system decay, restoration of public confidence building of strong, competent and competitive players in the global area, ensuring longevity and higher return to investors. These and many more, act as a spring board to achieving improved and enhanced efficiency and financial performance.

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, Nigeria 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 A and make them more completive and development oriented. A new banking system that depositors can trust and investors can rely upon to usher in a new economy.

III. Research Design And Methodology

Research Design

This study is empirical and descriptive.

Sources of Data

The data for the study where source through the secondary data, that is, by reviewing the performance of this organization as reported in their financial statements and data base of Nigeria Stock exchange.

Population and Determination of Sample Size

Population.

The population of this research study is Nigeria banking industry. The entire banking Industry in Nigeria had 89 banks as at the end of 2005. After the consolidation exercises the number of banks in Nigeria came to 25 in January 2006.

Sample Size of the Study

For the purpose of the study, the two banks that merge as a result of merger and acquisition will be studied. (Access Bank Plc and Eco Bank Plc). The two banks where randomly selected. This represents 8% of Nigerian Banking Industry after consolidation exercise.

Analysis of Data

The hypotheses of the study will be tested using ratio and simple linear regression techniques to determine the relationship between Merger and Acquisition and some economic variables such as Gross Earning, Profit after Tax, return on Equity and Asset Growth. Model Specification

Linear regression

To Analysis the respective relationship defined in proceeding sections, simple linear regressions analysis will be performed based in the following general models as applied in previous studies. These models will be used to test the hypotheses based on the general linear function model as follows:

Y = a + bx--(1)

This model is modified a little bit as follows for the different hypotheses.

Hypothesis One

Ho: Merger and Acquisition has no significant effects on profit after tax

H1: Merger and Acquisition has significant effects on Profit after Tax

Where:

PAT = Bo + equity---(2)

Bo = A constant

Bi = coefficient of the independent variables
EQT = equity
This model will be used to determine the relationship between merger and acquisition and return on equity.

Hypothesis Two
Ho: Merger and Acquisition has no significant effects on Asset Growth
H1: Merger and Acquisition has significant effects on Asset Growth
Where:
A/E = Ratio of asset growth due to equity
Bo = A constant
Bi = coefficient of the independent variables
EQT = equity
This model will be used to determine the relationship between merger and acquisition and Asset growth.

Hypothesis Three
Ho: Merger and Acquisition has no significant effects on Gross Earning
H1: Merger and Acquisition has significant effects on Gross Earning
GE = WQT
Where:
GE = Gross Earning
Bo = A constant
Bi = Coefficient of the independent variables
EQT = Equity
This model will be used to determine the relationship between merger and acquisition and gross earning.

Definition of Independent Variables

1. **Gross Earning:** This is the total amount of money made before taxes and other deductions are taken from it nut there are more nuances that may apply. First, there is a different between Gross Earning for a company and for an individual. In most cases, an individual Gross Earning are all money made prior to any taxes or eligible deduction that decrease taxable income. Gross Earning for a company is defined a little differently. The company's expenses like rent, employee salaries or inventory are usually deducted from the total amount it grosses for the year. Both individual and company Gross Earning are usually viewed as pre-taxed income and they've also thought of as the money made before any eligible deductions are taken.
2. **Asset Growth (Return on Asset):** is a real metric, meaning it is adjusted for changes in currency level, generally inflation. Asset growth can come in the form of organic growth. Where a firm simply purchases new assets through capital expenditures. Asset growth can also come from acquisition.
3. **Return on Equity:** it is a ratio indicates how much profit the company make comparison to shareholder equity the amount of money invested by the shareholders. Its calculated by dividing net income by shareholder equity. Again as with ROA, the higher the number, the better the value.

IV. Data Analysis And Discussion Of Results

Data which were extracted from the annual financial statements (2006-2013) financial performance of the banks were analyzed using the linear regression statistical tool. The result of the analyzed are however discussed below:

The result of the regression analysis conducted to determine the effect of Merger and Acquisition on Profit After Tax in the selected bank and R^2 0.67, R^2 of 0.88, but R^2 is 0.96, which shows an increase in performance. Also R^2 which is 0, and R^2 which increase to 0.85, which indicate that there is a high positive result in the post merger performance.

The result of the regression analysis conducted to determine the effect of Merger and Acquisition on Gross Earning, shows that, there is an increased in R^2 4.2.12 (0.99). Compare to 0.05 and 0.90 table 4.2.10 which shows that there is a positive result in the Post Merger Performance.

An R^2 2.2 and 0.87 was reduced to 0.70 which shows that, there is a negative result in their performance on Gross Earnings.

The result of the regression analysis conducted to determine the effect of Merger and Acquisition on return on assets. An R^2 is 0.08, and table 4.2.14 show that R^2 is 0.98, but the post Merger in table 4.2.15 show that A2 is 0.84, which show a negative result on their Asset Growth. Also R2 in table 4.2.22 is, and 0.08 in table 4.2.23, but Post Merger in table 4.2.24 show that R2 is o.88 which indicates that there is a high positive result in their performance between Merger and Acquisition and Asset Growth.

V. Summary Of Findings, Conclusion And Recommendations

Findings

The aim of this study was to empirically evaluate the effect of Merger and Acquisition in the financial performance of deposit money Banks in Nigeria. The variables studied comprises of Profit After Tax, Gross Earning and asset Growth. The period studied was from 2006-2013. Major findings from the study shows:

1. **First hypothesis which is;** Merger and acquisition has no significant effect on Profit After Tax shows that, the selected Banks improve their performance under Profit After Tax in post Merger performance compared to their pre merger performance.
2. **The second hypothesis which is;** Merger and acquisition has no significant effect on gross Earning also shows that these is an improved performance on the part of selected commercial bank. This is terms of gross earning as calculated F-value one greater than critical value at 5% level of significance.
3. The third hypothesis tested the effect of Merger and acquisition on Asset Growth and shows a negative relationship between the two variables in Nigeria.

VI. Conclusion

The paper attempted to examine the effects of Merger and Acquisition on the performance of selected bank in Nigeria. The result showed an enhanced financial performance leading to improved financial efficiency. This was indent with f-test statistics results of the fes selected banks as contained in the R^2 output depicted an increase in their combined means for gross earning, profit and Asset Growth.

The result of these findings was buttressed by no-Nicolo et al (2006) which is of the opinion that Merger and Acquisition in the financial system could impact positively on both the financial and operational efficiency of most banks also Sobowale (2008) found that banks significantly improved their profit efficiency after merger.

The study concluded that these is an improved performance on the part of selected commercial banks. This is terms of gross earning, profit after tax and Asset as the calculated f-values are greater than the critical value at 5% level of significant. Also, the study found that the point consolidation period has a higher performance in profit after tax and in gross earning.

VII. Recommendations

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 earning, profit after tax. Asset growth and return on equity in order to reap the benefits of post merger and Acquisition bid in the Nigerian banking sector.

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

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

The issue of corruption, fraud and insider abuses needs to be minimized in the Nigeria banking industry for banks in the country to benefit from mergers and acquisition, government and policy makers should be more careful in promoting merger and acquisition as a way of achieving capital adequacy, liquidity and good banking practices in Nigeria.

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