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Effects of Mergers and Acquisitions on Dividend Payment and Share Prices of Selected Deposit Money Banks in Nigeria

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ABSTRACT

Firms adopt mergers and acquisitions as a strategy to enhance profitability, increase in share price and pay regular dividend to its shareholders. This study assessed the effect of mergers and acquisitions on dividend payment and share prices of selected deposit money banks in Nigeria. Data were generated from secondary sources such as annual financial reports of the banks, quarterly bulletin of the Nigeria Stock Exchange and Nigeria Bureau of Statistics. The data were divided into pre-and post-merger. The study employed descriptive statistics. Two hypotheses were developed for the study. The first hypothesis tested the relationship between profit after tax and dividend payments of the selected banks. Simple regression analysis was run to establish the relationship between the variables. The regression outcome revealed that UBA plc and Access banks showed significant relationship between the profit after tax and dividend payments. While Diamond bank plc and UBN plc showed no significant relationship between the variables. The second hypothesis tested if there was significant difference between the pre and post merge share prices of the banks. Independent Sample t test was used to test the hypothesis. The outcome of the test revealed that there was significant difference between before and after the merger. This was corroborated by the mean difference which has positive outcome. The study further revealed that there was adverse impact of Global financial crisis on the performance of the banks, which led to depressed profits and other variables in 2008/2009 financial year. The study recommended the adoption of Mergers and Acquisitions as a strategy to salvage any banks that showed signs of depression and also implore Government to provide bailout funds to banks that requires it as the financial crisis has adversely affected the performance of banks.

Key words: Merger, Acquisition, Dividend Payment, Share Prices, Profit after tax

Introduction

The desire to grow is a common trait that has been identified with most corporate organizations in free enterprise economies. In any competitive economic environment, the corporate firm is always characterised by restless urge to do better, to change the condition or the condition is changed against it through inactivity. The urge becomes more pronounced in the recessionary phase of a trade cycle. Firms are established with the primary purpose of maximising profit and shareholders wealth. Faced with challenges and competition, firms may opt for a strategy that may likely enhance performance and increase its revenue thereby maximizing shareholders wealth through increased share price and regular payment of dividends. Shareholders' wealth is basically the wealth accruing to shareholders from their investment in shares held in a firm. Wealth increase can be achieved through two possible means: either by increase in share prices that bring about capital gain or increase in dividend payments (Wikipedia, 2012).

It is indubitable to say that the acquisition of one firm by another or the merger of two firms is one of the controversial and challenging areas of corporate finance. A merger is a form of business combination whereby two or more companies join together with one being voluntarily liquidated by having its interest taken over by the other and its shareholders becoming shareholders in the other enlarged surviving company.

Mergers and acquisitions is now a global phenomenon. In the United States of America there have been over seven thousand (7,000) cases of bank mergers since 1980, while the same trend occurred in the United Kingdom and other European countries. Specifically, within the period 1977 – 1998, two hundred and three (203) bank mergers and acquisition took place in Europe. In 1998 a merger in France resulted in a new bank with a capital base of US $688 billion while the merger of two banks in Germany in the same year created the second largest bank in Germany with a capital base of US $451 billion. In many emerging markets, including Argentina, Brazil and Korea, mergers and acquisitions have also become prominent as banks strive to become more competitive and resilient to shocks as well as reposition their operations to cope with challenges of the increasingly globalised banking systems (Wikipedia, 2012).

In Nigeria, banking reforms in the form of mergers and acquisition began in 1892 with the establishment of a company named Africa Banking Corporation, later (1894s absorbed by the British Bank of West Africa

(BBWA). More recently however, the first merger and acquisition occurred in May 1996 between Magnum Trust bank Ltd (MTB) and Guaranteed Trust Bank (GTB). The acquisition was effected through exchange of shares. The Central Bank of Nigeria (CBN) directives in 2005 towards recapitalization triggered the last set of Mergers and Acquisitions in Nigeria. Before the CBN directives, there was a celebrated case of merger between united bank of Africa (UBA) plc and former Standard trust bank (STB) plc to form the present UBA plc. It was a celebrated case because the banks were among the first five banks in Nigeria then (Daily Trust, 2005 July 27)

Several factors led to merger and acquisitions in Nigerian Banks. Low cash flows and liquidity base, suffered several setbacks in their operations and some were forced to gradually phase out. This is still the situation of many firms. Perhaps this set back, made firms to adopt merger and acquisition as corporate strategy to remain afloat. Companies over the years have been involved in mergers and acquisition for various reasons such as to enhance profitability, increase market shares, increase share prices and pay regular and enhanced dividends to its shareholders. Global economic recessions and inflationary situations have posed challenges to achieving these objectives. These trends may likely have direct impact on the activities and operations of the firms. In this situation, there may be decreased profits which will eventually lead to decrease or irregular payments of dividend expected. Market prices of these shares may also be affected. These may lead to dissatisfaction by shareholders especially those that regard dividend as their major source of income. Shareholders expect more from firms as compensation for their huge investments but are disappointed by meager dividend payment at the end of the year or sometimes no dividend payment at all. Share prices which are expected to appreciate turn out to be depreciating thereby eroding shareholders 'investments.

In Nigeria, before the waves of mergers of 2005 especially the banking sectors, there were a lot of bank distresses. There was depletion of shareholders fund due to huge losses incurred by the banks. There were also melt down of share prices on the Stock Market. Dividends were not declared as a result of losses declared by these banks. With these disappointments, shareholders may decide to change loyalty and sell off their investments.

In order to overcome these inevitable challenges, management of these banks may look for a way to satisfy their principals (owners of capital). One of these ways is corporate integration strategy. Corporate integration strategy in form of mergers has been evolved to enable banks increase their resource base, expand their market shares, diversify their portfolio and ultimately enhance their earning abilities. It is on this background that this research was embarked upon to assess the effects of mergers and acquisitions on shareholders' wealth.

This paper aims to assess the effect of mergers and acquisitions on shareholders' wealth in selected deposit money banks in Nigeria. It specifically assesses the effects of mergers and acquisitions on amount of dividend payment of the banks. It also assesses the changes in share price of the selected banks pre – and post – mergers.

To achieve these objectives, the following hypotheses were developed for the study;

Ho_1 - Merger and acquisition have no significant relationship on dividend payment of the selected deposit money banks in Nigeria

Ho_2 – There's no significant difference between pre and post merger share price of the selected merged deposit money banks in Nigeria.

Literature Review

Shareholder wealth is the collective wealth conferred on shareholders through their investment in a company. Each shareholder holds a small portion of the company, issuing more shares will dilute shareholder wealth, while providing dividends to existing shareholders will increase it.

Dividend is the share of the company's legal available profits divided among the residual shareholders and received by the residual shareholders in cash (where cash is paid) or stock (where stock or bonus issue is given) or both (Nwude, 2012). It is a thing of joy to investors to hear that at the end of every financial year, net earnings remaining after paying off creditors, tax authorities, expenses, preferred shareholders are paid out cash dividends or shared between retained earnings and cash or stock dividends. This enhances the firm's share value in the capital market as demand for the stock of such a good dividend paying company will increase thereby pushing the share price upwards.

Dividend policy determines the division of earning after tax between payments to shareholders and reinvestment in the company. Retained earnings are one of the most significant sources of funds for financing corporate growth, but dividends constitute the cash flows that accrue to shareholders. Owulah (2003) sees dividends as payments or returns to a firm's owners or shareholders.

There is a conflict between the retention of profit and dividend distribution, although both are desirable. Higher retention of profit means low dividend rate and a quicker rate of growth in the future earnings and share prices. On the other hand, a higher dividend rate means less retained earnings and consequently, a slower rate of growth in future earnings and share prices.

The desirable policy of the management of most companies is the stability/regularity of dividend rather than fluctuating ones. Stability of dividend means regularity in paying some dividends annually, even though the amount of dividend may fluctuate from year to year and may not be related with earnings. According to Block and Hirt (2000), in dividend policy, a primary factor is the maintenance of stability in dividend payments. Thus corporate management most not only ask, "How profitable investment do we have this year? It must also ask, "what has been the dividend payments in the last few years? Though earnings may change from year to year, the Naira amount of cash dividends tends to be much stable, increasing in value only as new payment levels of income are achieved. By maintaining a record of relatively stable dividends, corporate management hopes to lower the discount rate (Ke) applied to future dividends of the firm, thus raising the value of the firm.

In the stock valuation, there are two conflicting theories of dividend policy. These are dividend relevance and dividend irrelevance theories. These to schools of thought are also known as the imperfect market school and the perfect market school respectively. The perfect market school argues that dividend policy is an active variable in the valuation of firm that is the dividend policy matters. The perfect market school of thought argues that dividend policy is irrelevant, that is, dividend policy does not matter in the valuation of the firm.

The dividend relevance school of thought affirms that the payment of dividend provides evidence that the company has been able to generate cash from its operations. That a stable dividend policy should lead to a higher share prices because of the greater confidence of investors about future prospects. The school believes that changes in dividend policies are generally considerable to be reliable indications of changes in future expectations of earnings. The proponents of this school are called the traditionalists, rightists or the bird-in-hand propositions.

Allen (2003), Grullen et al (2002), Grullon and Michaely (2002), Lintner (1956), La Porta (2000), Gordon (1959) argued that investors prefer the early resolution of uncertainly and are willing to pay a higher price for the stock that offers the greatest current dividends, all other things held constant. They reasoned that future dividends are more uncertain and more risky than current dividends to the extent that investors will be affected by the earnings retention rate and dividend payout rate. The end point of this argument is that the market value of a share depends upon the magnitude and timing of cash dividends receivable over the shareholding period and the market price realizable upon the disposal of the share.

Walter (1956) argued that the decision to pay dividends depends on the profitability of investment opportunities available to a firm. Khoury (1983) argued that dividends are no longer an active decision variable but rather a residual sum. Walter (1963) argued that the choice of dividend policies almost always affect the value of firm. The study showed the relationship between firm's internal rate of return (r) and its cost of capital (k) in determining the dividends policy that maximise the wealth of shareholders.

The bird-in-the-hand argument was put forward by Kirshman (1933) and supported by Benartzi et al; (1997), Bernheim and Adam (1995), Bhattacharya (1979), Brav et al (2005). The study argues that of two stocks with identical earnings record and prospects, the one paying a larger dividend than the other would undoubtedly command a higher price merely because stockholders prefer present to future values. Myopic vision plays a part on the price-making process. Stockholders often act upon the principle that a bird in the hand worth two in the bush and for this reason are willing to pay a premium for the stock with the higher dividend rate.

Graham and Dodd (1933) followed suit by stating that, the typical investor would most certainly prefer to have his dividend today and let tomorrow take care of itself. Pandy (1999) emphasised that, "given two companies in the same general position and with the same earning power, the other paying the larger dividend will always sell at a higher price, Gordon (1962) said that uncertainty increases with futurity, that is, the further one looks into future, the more uncertain dividends become. Thus distant dividend would be discounted at a higher rate than near dividends. It is assumed that the market value of a company's shares depends on the size of the dividends paid, the growth rate in dividends and the shareholders required rate of return.

The Dividend Irrelevance School of Thought holds that a firm's dividend policy has no effect either on the value of stock or on its cost of capital. That is, that dividend policy is irrelevant. Modigliani and Miller (MM, 1961) provided the most articulated arguments on the irrelevance of dividend and supported by Frama and Harvey (1968), Miller and Rock (1985), Miller and Scholes (1982). The M&M hypothesis of dividend irrelevance as widely known argued that under a perfect market, tax free, flotation cost-free and hitch-free share sales situations shareholder are indifferent between dividends and capital gains and the value of the company is determined solely by the earning power of the assets and investments. They argued that if a company with investment opportunities decides to pay a dividend so that retained earnings are insufficient to finance all the investments, obtaining additional funds from outside source at no transaction costs will make up the shortfall in funds. They are of the view that the consequent loss of value in the existing shares as a result of obtaining outside finance instead of retained earnings is exactly equal to the amount of dividend paid. This hypothesis is based on assumption that there is perfect capital market where investors act rationally and have access to perfect information, no flotation cost on securities issued by the companies and no transaction cost on securities sold by shareholders.

Dividend irrelevance theory is criticised in the words of Olowe (1998) thus, "M-M theory is based on assumptions that are unrealistic, making their theory to lack practical relevance". This is the exact way to describe the theory in view of the fact that in practice it is quite impossible to have a world of perfect market not to talk of cost-free transactions in selling and buying securities in the capital market.

Nwude (2003) opined that, the choice of a particular dividend policy is not accidental. Thus some identifiable factors affecting dividend policy of firms includes but not limited to: legal rules (net profit rule), availability of profitable reinvestment opportunities with growth prospect, liquidity position, access to capital market, shareholders income tax bracket, shareholders liquidity preference, dividend policy of similar companies, rate of profit, earning stability, etc.

Methodology

The study utilised secondary sources of data. The data instrument used was by means of documentation in which annual financial reports of the selected banks were used, Nigeria Stock Exchange (NSE) quarterly bulletin, Central Bank of Nigeria (CBN) bulletins, National Bureau of Statistics (NBS) and Nigeria Stock Market Guide. The data were organised and presented in tables using descriptive statistics.

Two hypotheses were developed for the study. The first hypothesis was to establish the effects of mergers and acquisitions on dividend payments to shareholders. To establish the effects, Simple Regression Model was used. To ascertain the relationship of the variables (x = Profit After Tax and y = Dividend payments), at 5% level of significance. The second hypothesis was to find out whether there is significant difference between the pre and post merger share of the selected banks. The study covers a period of 2001 to 2011. The pre-merger period is from 2001 to 2005 while 2006 to 2011 represents the post-merger merger period. To establish the difference, a dummy column was created. For the pre merger period, a value of zero (0) was assigned and a value of 1.00 to post merger period. To test the significant difference an Independent Sample t- test was run.

Data Analysis

Data analysed here were obtained from secondary sources. The study utilized data extracted from the financial annual reports. The data extracted were categorised into pre and post merger.

Dividend Payments of the merged Banks

Table 1 presents the pre-merger dividend payments of the banks before the banks merged. It covered periods of 2001 to 2005.

Table 1: Pre merger Dividend Payments of the Banks

Banks / Years	STB (kobo)	UTB (kobo)	LB (kobo)	DM (kobo)	UBA (kobo)	UBN (kobo)
2001	35	25	10	65	30	42
2002	14	29	5	35	45	70
2003	17	10	8	19	60	105
2004	0.0	0.0	0.0	15	Merged	140
2005	Merged	0.0	0.0	0.0	0.0	0.0

Source: Annual Financial Reports/Capital market study guides 2009

Table 1 showed the patterns of Dividend payments of the merged Banks. The Table revealed that STB plc in 2001 paid 35 kobo Per share as Dividend to its shareholders. It however, paid 17 kobo before the merger indicating a decrease of 18 kobo per share which represents 51.42%. UBA plc paid 30 kobo per share to its shareholders in 2001 and 60k per share to its shareholders before the merger with 30kobo increase which represents 50% increase.

The table further revealed that UTB plc which merged with UBN plc in 2006 paid a Dividend of 25 kobo per share in 2001. The Dividend per share however dropped to only 10 kobo per share before it merged with UBN. UBN plc on the other hand paid 42 kobo in 2001 and paid 140 kobo per share in 2005 with a favorable difference of 98kobo per share which represents 233.33% in the value of Divided paid. Lion Bank paid only 10 kobo per share to its shareholders in 2001 and 8 kobo before the merger. Diamond Bank which merged with Lion Bank paid 65 kobo per share in the corresponding year and paid 15 kobo per share before the merger with a decrease of 50 kobo per share which represents 76.92% decrease in the amount of Dividend paid. There has been consistency in the payments of Dividend to the shareholders before the mergers were consummated.

Table 2 presents the post merger dividend payments of the banks.

Table 2: Post-merger Dividend payments of the surviving Banks (2005-2011)

Banks / Years	UBA (kobo)	UBN (kobo)	Diamond (kobo)	Access (kobo)
2005	60	0.0	0.0	0.0
2006	100	100	0.0	0.0
2007	120	100	5.5	40
2008	100	100	56	40
2009	10	100	9	65
2010	0.0	0.0	15	30
2011	0.0	0.0	0.0	50

Source: Nigerian Stock Market Guide, 2009 and Annual exports 2005-2011.

Table 2 revealed the first post-merger year (2006) of UBA Plc Dividend payment per share which has increased by forty (40) kobo from 60k to 100k which represents 66.67% improvement over the merging year. In 2007, the DPS was raised to N120k per share. This showed an increase of 20k over the previous and this represents 20% increase in the wealth of the shareholders. However, in 2008, the DPS dropped to 100k with 20k decrease which represents 16.67%. In 2009, the Bank paid only 10k per share as against 60k paid in 2008 representing 90% decline. In 2010 and 2011 financial years, no dividend payments were recommended as the bank incurred losses. The decrease or no dividend paid during this period may not be unconnected with the global financial crises of 2008/2009 financial year and the spilled over effect of the crisis into the period of the study. This has adversely affected the profit after tax. Dividend is a function of the profit.

On the other hand, the Table revealed the Dividend payments of the Diamond bank during the period. The Bank did not pay Dividends to its shareholders in the years 2005 and 2006. It however, paid 55k per share in 2007. In 2008, the Bank paid 56k with increase of 3k which represents 1.82% increase. In 2009, the Bank paid only 9k and 15k in 2009 and 2010 respectively which represent 93.93% and 66.67% accordingly. The decrease in the payment of Dividend during the years of 2010 to 2011 may be explained by the financial global crises which affected mostly the financial institutions.

It was also revealed the dividend payment pattern of UBN Plc. UBN Plc in 2006 and 2007 paid 100k per share. The Bank maintained 100k per share in 2008 and 2009 respectively. It has been consistent in the payment of dividend until 2009/2010 financial year when the Bank declared a huge loss after tax which resulted to non-payment of dividend up to 2011.

The shared the Dividend Payment of Access Bank from 2006. In 2006, the bank paid 40k per share. It maintained the same amount in 2008. In 2009, the Dividend payment grew to 65k with an increase of 25k per share which represents 62.5%. In 2010, Dividend per share dropped to 30k with 35k reduction which represents 53.85%. In 2011, however, despite the effect of global financial crises, the Bank made a huge profit and during that year, a dividend of 50k per share was paid with increase of 20k which represents 66.67% growth in shareholders wealth.

Share price of the Merged Banks

Table 3 presents the share price of the merged banks before the merger. It covered a period of 2001 to 2005.

Table 3: Pre merger Share Price of the Merged Banks

Banks / Years	STB (kobo)	UTB (kobo)	LB (kobo)	DM (kobo)	UBA (kobo)	UBN (kobo)
2001	Not listed	305	135	Not listed	1100	2491
2002	Not listed	199	83	Not listed	571	1999
2003	Not listed	203	82	Not listed	1104	2399
2004	141	75	95	Not listed	910	2055
2005	Merged	78	140	775	Merged	2310

Source: Nigerian Stock Exchange Reports 2001-2005.

Table 3 showed that STB Plc was not listed on floor of Nigerian Stock Exchange until 2004 when its shares were sold for 141 kobo prior to merger with UBA Plc. UBA plc on the other hand, had its shares sold in 2001 for 1100 kobo. The share price dropped to 571 kobo in 2002 with a decline of 529 kobo which represents 48.09%. UBA Plc before the merger had a share price of 910 kobo. The Bank was not doing badly before the merger.

The table also revealed that the share price of UTB in 2001 was 305 kobo. The price slightly dropped to 199 kobo per share in 2002 with 106 kobo reduction which represents 34.75%. The share price marginally increased to 203 kobo with increase of 2.01% in 2003 over 2002. In 2004, the share price decreased from 203 kobo to 75kobo with a deficit of 128 kobo representing 63.05%. In 2005, the share price slightly appreciated by 3 kobo to 78 kobo which represents 4% rise.

The share price of Lion in 2001 was valued at 135 kobo. In 2002, it dropped to 83 kobo with deficit of 52 kobo which represents 38.53%. The share price further dropped from 83 kobo to 82 kobo with 1.20% decrease. In 2005, the year it merged with Diamond bank, the shares were valued at 140 kobo as against 95 kobo valued in 2004 with an increase of 45 kobo representing 47.37k. In the same manner, share price of Diamond bank in 2005 was 775 kobo as that was the year it was listed on the floor of Nigerian Stock Exchange. Table 4 presents post merger share price of the various banks under study.

Table 4: Post Merger share price (Kobo) from 2006-2011

Banks / Years	UBA (kobo)	UBN (kobo)	Diamond (kobo)	Access (kobo)
2005	1250	2120	775	669
2006	2698	2389	700	2222
2007	4845	440	1978	707
2008	1315	1520	746	760
2009	1080	600	740	950
2010	915	420	750	-
2011	259	1060	204	480

Source: Nigerian Stock exchange (Office) 2005-2011

Table 4 revealed the share prices of the surviving Banks from 2005-2011. The table revealed that UBA Plc's share price in 2005 as 1252k. In 2006, One year after of merged with STB in 2005, its shares was sold on the floors of the NSE at 2698k as against 1252k with increase of 1446k which represents 115.5% increase. In 2007, the share price jumped to 4845k from previous year's record of 2698k with 2147k increase which represents 79.50%. In 2008, the share price decreased to 1315k from an impressive result of 4845k with a decrease of 3530k which represents 72.86% decline in the wealth of the shareholders. From 2008/2009 financial year the share price kept declining. In 2010, the Bank's share was sold for 915k as against 1050k in 2009. In 2011, it was sold for 259k. The share price depreciated by 656k which represents 71.69%. The poor performance of the Bank from 2008/2009 to 2011/2012 financial year may be attributed to the global financial crisis which adversely affected the capital market and other sectors of the economy.

The table also revealed the share price of Diamond Bank after the merger. The Bank's share was sold at 700k in 2006. By 2007, it rose to 1979k with a difference of 1279 which represents 1827.71% increase in the wealth of the shareholders. In 2008, the share price dropped to 746k with depreciation of 1233k which represents 62.30%. In 2010, it was sold at 750k with 1.35% increase over the previous year's price of 740. In 2011, the Bank's shares were sold of 204k with a decrease of 546k which represents 72.8% over the previous decrease of 546k which represents 72.8% over the previous year's price.

In 2006, the share price of UBN was sold for 2389k. By 2007, the share price appreciated to 440k with an increase of 1751k which represents 73.29%. In 2008, the share price depreciated to 1520k from a high of 4140k with a decrease in value of 2620k which represents 63.29%. The effect of the Financial Global crises of 2008/2009 coupled with mismanagement during the period, the Banks shares were sold on the Flour of the NSE per 600k from 1520k with a decrease of 920k which represents 60.52%. The share price continued to suffer diminution in value as it was sold for 420k. However in 2011, the capital market started showing signs of recovery from the Global shock as the Bank's shares were sold for 1060k as against 420k in the previous year's price with an improvement of 640k which represents 152.38%.

It was also revealed the share price of Access Bank for the period under study. From the table, it can be seen that the share price of the Bank experienced ups and downs. In 2005, the shares were sold for 303k. By 2006, after the acquisition of Marina Bank, the price appreciated to 669k with an increase of 366k which represents 120.79%. By 2007, the share price recorded an unprecedented increase from 669k to 2,222k with an increase of 1,553k which represents 232.14% of the shareholders wealth. In 2003, however, the share price dropped to 707k with reduction in value of 1515k which represents 68.18%. In 2009, the price slightly appreciated to 760k from 707k with a growth of 7.50%. In 2010, the share price appreciated to 950k from 760k with an increase of 190k which represents 25%. In 2011, the share price dropped to 480k with 49.48% depreciation. The likely reason for the fluctuations in the share price of the banks understudy from 2008/2009 to 2010/2011 could be attributed to the global financial crisis which adversely affected the capital markets.

Conclusions

Investigating the effects of Mergers and acquisition on shareholders' wealth, it can be concluded that there is general consensus emerging out of the research analysis that in any acquisition target firm always seems to experience gains due to competitive bids by many biddings resulting in high premiums paid to target firms shareholders. However, researchers are inconclusive about the bidding firms' shareholders wealth creation. Some empirical analysis report positive gain while others report negative gains. From the findings of this study it has revealed mixed returns for the shareholders of both firms of the four Banks examined, 50% revealed positive relationship between Merger and Acquisitions and the variables studied while 50% showed negative relationship.

The study revealed that there has been increase and consistent dividend payments to shareholders after the merger and that the share prices of the selected banks have appreciated. This appreciation may have been attributed to consistent payment of dividends and improved profit after tax.

It further revealed that M and A played a major role in imparting positively on shareholders wealth as strong evidence revealed increase in dividend payments and appreciation in share prices of the study banks. However this joy was short-lived as global financial crisis destroyed these benefits.

Based on the findings of the study, the following recommendations are hereby made:

i. Merger and acquisition remain one of the viable options for rescuing any organization in a state of risk and adverse economic situation. Banks that are in financial distress may consider the option of M & A in order to avoid the adverse effects of going into liquidation;

ii. The impending situation of bankruptcy and failure especially in Nigerian banking industry calls for M & A to restructure operations, management and make the corporate establishment more viable;

iii. Government is implored to provide bail- out funds to banks that requires it because the global financial crises have adversely affected the banks performance.

iv. More awareness should be created on benefits of M & A to organization as well as the economy as whole.

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