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IMPACT OF MERGER AND ACQUISITION ON BANKS' EFFICIENCY IN PAKISTAN

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ABSTRACT

This study investigates the impact of mergers and acquisitions (M&A) on bank performance in Pakistan using the CAMEL framework. The banking sector in pakistan is consists of twenty-three scheduled banks, six public sector scheduled banks, one non public scheduled bank, four specialized scheduled banks, fifteen private banks, seventeen "Islamic Banks, four foreign banks, thirteen microfinance banks, eight development finance institutions. National and international Merger and Acquisition is one of the business development approaches to become Market Leader. Pakistani banking industry has shown a number of M&As to achieve different objectives. In this research Four banks HBL, Summit Bank, Faysal Bank, and Askari Bank were evaluated using paired sample t-tests to compare pre-merger (2008–2011) and post-merger (2012–2018) performance. By using SPSS paired sample t-test with due course of Pre Merger and Acquisition performance with the after merger and acquisition period. For the purpose of data analysis five variables were selected CAMEL. CAMEL framework is used by SBP for the evaluation of banking performance. The findings show significant improvements in Capital Adequacy and Asset Quality after M&A, while Management Soundness, Efficiency, and Liquidity exhibit limited or insignificant improvement. The study provides empirical evidence on how M&A affects bank stability and operational outcomes in Pakistan.

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1. INTRODUCTION

1.1 Background and Overview.

Banks' sector in Pakistan has a wide range of monetary foundations - Commercial banks, particular banks, national reserve funds plans, insurance agencies, advancement money establishments, speculation banks, stock trades, corporate business houses, renting organizations, rebate houses, miniaturized scale account organizations and Islamic banks. They offer an entire scope of items and administrations both on the benefits and liabilities side. Monetary extending has escalated during the most recent quite a while yet the business banks are by a long shot the overwhelming players representing 90 percent of the all-out budgetary resources of the framework. Qayyum and Khan (2007).

Banks are considered as cash related to go between. The limit of a financial agent is to sell the things arranged by them to get money. The banks obtain eagerness by selling their responsibilities. The Pakistani monetary territory has encountered different times of improvement. The section was guided by the assembly of Pakistan to complete the headway approaches till 1980's (Hardy and Patti, 2001). To balance out the money related and banking division of Pakistan, the legislature nationalized the foundations so the declining financial development can be resuscitated. Later in 1990, the legislature of Pakistan changed and deregulated the financial segment

Even in the present world, the industry of financial institutions contributes a great share to advance any economy and represents itself as the remarkable funding medium till the date. Nowadays, the scope of banks isn't just bound by an inside of a similar cerography restriction of any country. It is a crucial wellspring of funding for most of the economic sectors. The fundamental speculation which braces a critical component of the monetary attainment, examination and conversations, is that extending pecuniary completion will prompt enhanced competencies and endeavors of the affiliations. (Nimalathasan,2008)

The act of collaboration between two companies is the activity of corporate restructuring which increases the operational and financial efficiency of the business. There are several benefits involved in this activity due to which there is an increasing trend of M&A activities around the globe and in Pakistan. In majority cases, the operating firms in the same industry collaborate with another company in due course of increasing their market capitalization or market share. According to Ombaka & Jagongo (2018), mostly the company with the same business structure merged to improve market share. In the study of Baldwin & Forslid (2000), they argue that organizations increase their bargaining power over suppliers when they merger. This compels the supplier to supply services, or goods at a favorable rate. The low cost inputs and higher prices from the customers in the merging organizations increase the profitability of the companies which lead them to become market leaders.

As per the study of Joash & Njangiru (2015), the change in the external environment where the firm operates becomes the reason why companies move towards merger and acquisitions. When an organization realizes that they lack the favorable internal environment of the company which is required to compete in the external environment then the companies move towards merger and acquisition of the similar firms. Another reason for merger and acquisition is when firms realize that they have very limited time to develop the strength and capabilities which are required in the fast-moving consumer market, then they look towards options which can boost the company profile in a short time and less complications, hence, they move towards merger and acquisition.

These reasons along with the fact that opportunities of merger and acquisition only present themselves for a limited time enables the organizations to make M&A decisions a little aggressively. In majority cases, both merging parties benefit from the M&A.

M&A are done to extend business and produce productivity to aid the current businesses. Generally, acquisition in the banking sector and in other funding companies of Pakistan have been done to extend trade and other commercial activities. A few acquisitions like Adamjee Insurance Co acquired by MCB Bank Ltd was an unfriendly collaboration which focused to hold the procured organization as independent and utilized it for its fellow organizations. Standard bank Ltd acquired Union Bank Ltd with the purpose of expanding its branches and volume of Business (Awan & Ahson, 2015).

Let's check a few banks in Pakistan who have adapted this trend of Merger and Acquisition. In 2007, underneath the System of Consolidation of the State Bank of Pakistan, Arif Habib Securities Limited obtained Pakistan Operations of Rupali Bank Limited. In 2010, Suroor Investments Ltd., an investment firm based in Mauritius, obtained 59.41% stake in Arif Habib Bank Ltd. Afterwards in 2010, Arif Habib Bank Ltd. was modified to Summit Bank Ltd. Suroor Investments Ltd. has taken over many shares of Atlas Bank Ltd. and My Bank Ltd. were occupied by which afterward came under the supervision of Summit Bank Ltd., hence it is expanding the chain of the banks to the 193 divisions. Its motto says that they are committed to you. Almost 48 out of 193 branches provide non-conventional banking options. Nasser Abdullah Hussain Look, a Dubai-based businessman, has revealed inclination to obtain mainstream bond holdings (at least 51%) of Summit Bank Limited promising the banks sticking to the minimum capital necessities and solvency requirement ratio authorized by the SBP.

The four selected banks—HBL, Summit Bank, Faysal Bank, and Askari Bank—were chosen because they underwent mergers in the same period (2011), ensuring comparability for pre- and post-merger performance. These banks also represent a mix of large, mid-sized, and foreign-influenced institutions, providing a balanced perspective of how M&A affects different categories of banks in Pakistan.

1.2 Problem Statement.

In developed countries, the act of acquisition and merging companies is a trendy as well as an effective medium for the expansion of commercial activities and work. It is also impacting plus growing in the developing countries too. (Al-Sharkas, Hassan, & Lawrence, 2008). In the last many years, we are able to catch several glimpses of such prosperous trends playing a healthy role in the economy of Pakistan and the banking sectors are the most prominent among respective entities. The continuing rise of lowest capital essentials by the State Bank of Pakistan made it hard for the micro banks to breathe and progress easily. Thus, these entities opted for the collaboration, specifically in the late 1990s and ahead. It establishes an initial requirement to inspect the consequences of collaboration on the acts of the collided banks so that other banks could derive more knowledgeable and proven results.

Furthermore, this research is transverse and is taken to consideration on schedule. In the event that time arrangement review is additionally executed, the constancy of assessment would be more improved.

The limits looked during the investigation were the components of consolidation, securing and the productivity of banks. The hypothetical structure could be changed by picking other fluctuating figures. As this study depends on the quantitative methodology so it incorporates a few boundaries as the wellspring of information is from the accommodation preliminary and writing surveys has been summed up for utilization examples of every single Pakistani bank. Moreover, this examining is proposed to increase the figures of preliminaries and use current realities of the most current yearly report to explain the condition of the latest. The forthcoming objectives incorporate the mean to lead an itemized overview for every one of the modern areas, not simply wander around the financial foundations or areas simply because it will assist them with extending the acquiring openings through cooperation of business elements other than subsidizing associations (banking area). The consequences of banks are gotten to characterize the banking sector registered in Karachi Stock Exchange (KSE). In instruction to get the more authentic plus precise facts and figures of the outcomes an extensive session should be conducted. In the near future, we could anticipate linking the collaboration (merger and acquisition) to the worth of a company. (Awan, A. G., & Mahmood, U.B. (2015).

Prior needs of the fast moving and growing world is to adopt the scheme of amalgamation and acquiring companies to exist, compete and stay in a dynamical business environment. On this account, the entire world is influenced by the impressive maneuver of merging and acquisition of the entities. Several commercial technicians are researching to govern the aftermath of thepolicy of M&A in the business sector. Unfortunately, Pakistan was unable to examine a detailed survey in the area of M&A on a large scale. Abbas, Q., Hunjra, Azam, Ijaz, &Zahid, M. (2014).

Merger improves the efficiency of weak banks in three ways; which is significant increase in shareholders' worth and effectiveness, secondly by advancing personal ascendancy, thirdly expanding the funding capacity of banks. Furthermore, the affiliated organizations can get the advantages of economies, increased synergy plus minimize the costs. (Prompitak, 2009; Sinha & Kaushik, 2010). Summit bank is Pakistani profitable bank who possesses a network of 193 franchises all over the country.

1.3 Objectives of the Study.

- To scrutinize the consequence of collaborating entities on Capital Adequacy ratios of banks
- To study the effect of associated organization on Asset Quality ratios of banks
- To investigate the consequence of affiliated commercial bodies on Management ratios of banks
- To scrutinize the aftermath of amalgamated & acquiring corporations on Earning ratios of banks
- To consider the footprint of merger and acquisition on Liquidity ratios of banks.

1.4 Scope of the Research.

Findings of this investigation will be helpful to enhance the existing theory related to Merger and Acquisition that can be useful for academic purposes as well as practical implications on the banking sector and other financial organizations. In addition to that it can also be useful to develop strategies related to merger and acquisition.

1.5 Significance of the Research.

Findings of this investigation will not only be beneficial not only for the banks and other funding intermediaries of Pakistan but also to the other organizations operating in the country as well. It will also help to enhance the importance of merger and acquisition and taking measures which provides the main source to see the variances and effect on profitability after merger and acquisition.

1.6 Research Gap.

Although several international studies have examined M&A effects using the CAMEL framework, limited empirical evidence exists for Pakistan, where consolidation is frequently used to strengthen underperforming institutions. However, existing Pakistani studies mostly use short windows, small datasets, or focus on profitability ratios only. This study fills this gap by using a 10-year performance window and a broader efficiency-focused analytical lens.

This research is necessary because Pakistan's banking sector has undergone rapid consolidation due to regulatory pressures, minimum capital requirements, and operational restructuring needs. Understanding whether these mergers actually enhance bank efficiency is essential for policymakers, investors, and regulators who rely on evidence-based decisions regarding consolidation. Furthermore, identifying which CAMEL components benefit from M&A can help future mergers be designed more effectively.

2. LITERATURE REVIEW

The connection of consolidations and implementation of the banks of Nigeria were noticed by Abdur-Rehman and Ayorinde in 2011. They highlighted consolidations by essential choices, i.e., the danger of fluidity or failing, the odds of credit hazard, capital design, resource profile and running the corporate undertakings and exercises in a successful and effective way. Gain on value, acquire on resources and net overall revenue were utilized as movement pointers. Discoveries of numerous relapse examination revealed gainful association of lead and execution with amalgamated element and further suggested that blending ought to be helped through to raise the behaviors of banks. Ullah, et al., (2010) studied two working together occasions of Faysal Investment Bank Limited and Atlas Investment Bank by the correlation of four prior and later consolidation execution. The most important components which were utilized to decide the monetary presentation were; benefit, capital sufficiency and dissolvability. T-test shows that an immaterial ascent was there in acquire whereas capital sufficiency and dissolvability had based on tangibly. The cooperation progressed the places of both of the banks because of headway in innovation, managerial administration and the expanded limit of the banks to make installments for their drawn out risk.

Kemal (2011) inspected the introduction of auction-goer bank by utilizing twenty extents during the period of 2006-2009. The relevant examination of the post-solidification execution of Scotland's Royal Bank after it joined with ABN AMRO was done by Mr. Kemal. The determinants of execution which were used consolidate advantage, chapter 11, authority, asset the chiefs and monetary resources. Near the fulfillment of the outcome he accepted that disappointment happened after associations. Neither an appraisal nor a solitary test was utilized or done to certify these outcomes. Furthermore, no simulator was exploited to check the after-association accomplishment during the examination of SCB (Arshad, 2012). He saw that the after-association of the first bank was lead during the assessment of SCB later than it got converged with Union bank. The essential pieces of yearly augmentation benefit, liquidity and capital degrees were utilized to choose the progress. The prior association period was 2004-2006 and the after association period was 2007-2009. The outcome of eleven degrees revealed a reduction in later blend implementation.

2.1 Merger and Acquisition

As declared by Irfan Shakoor et al (2014), the companies bearing merger and acquisition as a long-term objective for resource allocation in order to compete in the market. One of the major issues that organizations face while deciding to merge or acquire another firm is deciding in which business they should participate which can help them boost the long-term pecuniary progress of the business. As highlighted by Kyriazopoulos & Drymbetas (2015), a merger is a process where two firms existing in the same industry and of similar size decide to unite as one enterprise. The merger is basically friendly restructuring of resources and assets of the incorporated companies in the activity. Since the mainstream of the mergers are welcoming, they are usually suggested by shareholders and executive directors of the companies being merged.

As stated by Kyriazopoulos & Drymbetas (2015), the merger is where the stockholders of one company securities are acquired by another company. This means that the existence of one company is completely dissolved. In stock exchange the shares of the company is to be surrendered to the other company. Under this procedure, the combining entity or the targeted firm merges under legal procedure which is established by the region where the companies lie. As discussed by Ombaka&Jagongo (2018), the medium of exchange for the merger are shares rather than cash and the acquiring firms are corporations and rather than single entities. The decision of collaboration as pointed out by Irfan Shakoor et al (2014) is not decided by a simple majority of shareholder's vote.

The analysis of Ismail et al. (2011) from an organization situated in Turkey made him discover that M&A has an undesirable effect on performances and the facts were mostly about the accounting figures and the stock market prices.

Awan (2015) evaluated the effect of collaboration and consolidation on the profits gained by the banking sectors of Pakistan are based on collecting the facts and figures from KSE (Karachi Stock Exchange) from 2002 to 2011.Ratios of two years were calculated with the comparison of data before and after the merger and it showed a favorable effect on the markup of the bank. It was further concluded that the profitability depends on synergy or team work as merger and acquisition only increases the resources to work with.

Rehan, Kamran and Imran (2018) evaluated the effect of collaboration and consolidation on the banking sector. The role playing determinants which were chosen to test the outcomes included Debt Equity Ratio (DER), Return on Capital Employed (RCE), Net Profit Margin (NPM), Gross Profit Margin (GPM), Operating Profit Margin (OPM) and Return on Equity (ROE). Annual reports of different nine local and foreign banks were collected from 1996 to 2016. In accordance with this research Paired Sample T-test was applied so as to achieve findings of the effects which shows that there no significant effect in Gross Profit Margin, net profit margin, return on equity, debt on equity. However, there was a momentous increase in Return on capital employed.

Awan and Siddique (2015) contended that the wild variances in the financial exchange have caused the disappointment of a few speculation Banks in Pakistan. They figured that in the time of 1990s; when many speculation banks were set up and produced high assets through open contributions. The rundown of those speculation banks incorporates Orix Investment Bank, Crescent Investment Bank, Trust Investment Bank, Al-Towfeeq Investment Bank, Asset Investment Banks. At the point when costs were contacting the sky, they put their cash in a few unique contents as a drawn out venture. Tragically, thereafter, when the financial exchange was confronting an emergency, it additionally slammed the estimation of their venture. Faizan, Khan and Iliyas (2019) examined the influence of collaborating corporations' performance and acknowledged the impact of M&A (before and after) on command Pakistani banks.

2.2 Financial Performance and Merger and Acquisition

As highlighted, the collaborating results are inconclusive on the overall fiscal enactment of a company. The primary aim of this proposal is to deliberate and synthesize the previous literature on merger and acquisition and how they may affect the financial performance of the companies. The purpose of analyzing these literatures is to understand how the company financial valuations are increased post-merger. According to Ombaka & Jagongo (2018), there are a variety of measures which need to be analyzed financially prior to merger of firms. These measures can be market based measures, accounting based measures, qualitative measures or mixed measures. The management of the merger firms should be well aware of these measures and conduct tem thoroughly before they go for the merger and acquisition. As discussed by Boschma & Hartog (2014), the post-merger official progress of the business entity should be conducted in order to determine whether the speculated financial performance is achieved.

2.3 Differential Efficiency Theory

The theory of differential as suggested by Abbas et al (2014) states that one of the reasons why one company merges with another is because the manager of the X Company is more efficient in comparison to the management of Y Company. In this scenario, it is beneficial that the X Company acquires the Y Company so that the level of efficiency of Y Company can be increased. Hence, as per this theory, a company which is performing below the required operational level should be taken over by another much efficient company in order to increase optimization. Ombaka & Jagongo (2018) discussed that the efficiency theory also suggests that if the administration of the organization isn't proficient in maintaining the issue of business that it is more presented to the organizations on the lookout for obtaining. This theory can be applied and used as a measure when one company is deciding to take over another company since analyzing the efficiency level of the management is the basic evaluation in the merger situation. The merger of the companies facilitates the utilization of all resources in a much efficient manner which is much cheaper than if the companies are operating separately. The risk involved in merger is that if the expected utilization of the resources does not actually occur post-merger in comparison to the acquiring cost paid by the company then it can head towards the financial conflicts for the collaborating company.

2.4 Financial Synergy Theory

The theory of financial synergy as stated by Tanriverdi & Bülent Uysal (2015) is a result of lesser charges (cost) of inner financing in comparison to the cost of peripheral financing. Financial synergy is produced when a combination of two or more firms increases the investment opportunities and cash flow position of the combined business in comparison to what was being achieved previously. This creates a monetary interaction effect since the cost of wealth is decreased for the combined firm. Financial synergy as indicated by Ombaka & Jagongo (2018) is also evaluated in terms of tax saving which is achieved by the combined firms. The merged firms have more dimensions to obtain debt as well as assets in comparison to their unique capacities. The theory of financial synergy too represents that in cases where cash flow of the acquiring organization is higher in comparison to the acquired firm, than reallocation of capital occurs due to which the investment opportunities of the company increases.

2.5 The Hubris Theory

The hypothesis of Hubris about the working together organizations depends on the administration of the business substance during the choice of consolidation. This theory suggests that in order to create synergies, the companies sometimes overestimate their ability. This theory is basically a psychological approach to merger and acquisition. This theory is based on the qualitative analysis conducted by the management of the merger firms in order to evaluate the worth of the companies. There are many factors involved in the merger and acquisition which are non-financial. This theory suggests that these non-financial decisions by the management are overestimated and they fail to determine the worth of the acquisition target. As discussed by Zhang et al (2015), this overconfident decision of the management in most cases results in overpriced mergers since over-confidence in the acquiring firm increases the probability of paying a high price. This situation in the long-term may prove to be a failure for the acquiring firm.

2.6 Operational Synergy and Financial performance

There are different types of mergers as stated by Ombaka & Jagongo (2018) through which operational synergies can be achieved. These mergers are known as vertical, horizontal and conglomerate mergers. The theory of operational synergy is based on the industrial economical scale. Before merging, the companies mostly exist at a level where they are unable to achieve an optimum level of economies of scale. As discussed by Cooper & Finkelstein (2014), there are four types of synergies including market power, cost, intangibles and revenue. The cost synergies are further divided into variable and fixed cost synergies. The fixed cost synergy in this case relates to higher management, finances, sales promotion, the office, advertisement, legal and good management. On the other hand, variable cost is related with productivity of the organization and increase in purchasing power. Revenue synergies are related to distribution channels and the strategies of the organization in generating revenues. The intangible includes the brand image and name in the organization. This type of synergy has the ability to be transferred from one organization to another.

2.7 Differential Efficiency and Financial Performance

The study of different efficiencies is based on the different companies and different management. As indicated by Cooper & Finkelstein (2014), a positive connection between the piece of the pie cost of the organization and its corporate administrative proficiency has been found positive relationship be tween's the piece of the overall industry cost of the organization and its corporate administrative effectiveness has been found. If an entity is performing inefficiently then the market value of that particular enterprise is bound to decline in the industry in comparison to similar companies in the market. This decline in the share prices can be reversed and improved in the administrative conducts of the company is in the hands of a more skilled and efficient management team.

The business corporation which is performing poorly becomes a target for several those companies which are performing efficiently and those who believe that they can easily manage the operations of that business. The acquirers of the poorly performing firm might be the companies lying in the same industry since they have better knowledge and ability to run that company efficiently.

2.8 Risk Diversion and Financial Effectiveness

The shareholders of the organizations have the option of diversifying their risk by holding a portfolio which has well diversified shareholdings of various companies in different industries. The performance as well as the achievement of the company is openly interrelated to the income of the management. It is argued by Cartwright & Cooper (2014) that the risk associated with the income of a manager is directly linked to the company's financial progress. This also means that the management are also investing heavily with the organizational capital during the time of merger and acquisition.

This means that the managers by being part of the merger or acquisition decisions are increasing their employment risk. Hence, the risk diversification theory suggests that in order to diversify this risk, the management should decide to invest in the conglomerate merger. Similar to this, if a company sells a particular article and is reaching the diminishing stage of that product's life process, then they are more likely to invest in the business with growing cash flows.

2.9 Market Share Development and Financial Performance

The horizontal mergers as stated by Boschma & Hartog (2014) are conducted in order to establish a stronghold in the industry and eliminate the competition. The horizontal mergers are known for increasing the bargaining power of the merged firm with the customers and suppliers in the industry. Tanriverdi & Bülent Uysal (2015) highlighted this is how the economies of scales are created where two similar companies combine power in order to put one strong company out of business. The organic growth routes which were the trend of the business world previously were extreme time and cost consuming due to which this idea is becoming obsolete. There are several factors which companies require in order to grow organically including new product categories, people, regulatory approvals, geographical territories, place and other resources. In the case of merger and acquisitions, Ombaka & Jagongo (2018) highlighted that all these elements can be obtained complementarity with less cost and a much shorter time period.

Healy et al. (1992), recognized that the firms after-merging have enlarged in their prosperity. Similarly, Andrade et al. (2001) analyzed that because of the merger and acquisition there is a minor positive variance which has noticed in selected organizations' financial performances. Correspondingly, in the further researches several optimistic effects were provided on FP. Moreover, Liu and Tripe (2003) found that collaborated banking firms had efficiency markups in the period after the Merger and acquisition. Additional surveys that analyzed zero and irrelevant boost in the financial performances because of M&A, like Badreldin and Kalhoefer (2009) and Abd-Kadir et al. (2010) showed immaterial outcome of merger and acquisition in financial performances. In addition, in 2009 Pillania and Kumar discovered that the productivity in the after M&A's, on standard, declared zero growth.

A positive connection be tween's the piece of the pie cost of the organization and its corporate administrative proficiency has been found a positive relationship be tween's the piece of the overall industry cost of the organization and its corporate administrative effectiveness has been found. (Gaughan, 2010). Where on the other side, when an entity buys the controlling ownership stake in some other business organization whilst preserving their independent lawful entities is called acquisition In this angle, the acquiring association will be known as the parent association and investee as auxiliary endeavor (Chen and Findlay, 2003). Every one of the planned choices of the investee business venture are to be chosen by the securing (parent) undertaking. On the off chance that the parent association doesn't buy every one of the loads of the investee business venture, at that point the couple of investors have no individual power over corporate choices... In any case, on the off chance that the whole property of the investee association is purchased, minority premium won't turn into an irritating source. (Jaffe and Randolph Westerfield, 2004). In M and A circumstances, each is regularly utilized reciprocally. The particular marks of contrasts between consolidation and procurement are referenced previously. Be that as it may, even after every one of these varieties, these two terms are utilized in the indistinguishable sense. On a worldwide level, the M and A movement is managed the buying and selling of the venture. The word comprises of every single sort of traditional M and A, the executives' buyouts, the board purchase ins, minority value buys, side projects and joint endeavors. From a determined vision, key affiliation may likewise be perceived as a decision to acquisitions.

The present literature depicts that even though there are numerous researches on performance evaluation of various Pakistani sectors, little has been discovered in accordance with the performance effect of collaborators in Pakistani economical area. Hence, there's a dire requirement for unleashing the profitable influence of mergers in the economical quarter of Pakistan. Mehmood and Loan (2006) Numerous observations have been led across the world to discover different components of mergers by utilizing diverse investigation simulators e.g., Data Analysis Entanglement Stochastic Frontier Analysis, Wilcoxon Signed-Rank Test and proportion investigation (Sufian and Fadzlan, 2004; Sinha and Kaushik, 2010, Koetter M., 2005 and Arshad, 2012). The findings of the above mentioned investigations show dramatic variances.

Initially, analysts concentrated on the financial exchange however today's trend is moving from the study of an event to the methodology of an organization. Despite the fact that exploration of corporate efficiency was challenging as compared to event study because of the collected information and development of well-founded variables, yet numerous examinations have utilized this way to discover precise outcomes(Altunbas and Marques, 2007; Badreldin and Kalhoefer, 2009; Kemal, 2011 and Arshad, 2012).

Pawaskar (2001), declared via an experiential demonstration that worse after-consolidation (merger) progress of the firms in India. The examination was during the duration of 1992-1995 by utilizing information extracted from Capitoline-Ole database. Regression outcomes showed fitter achievements of non-merging entities than collaborating organizations throughout the given time duration. Additionally, the features of each of the 36 mergers demonstrated liquidity, leverage, profitability development and tax saving but didn't show any exceptional critical change or improvement after merging with the other firm.

Moreover, it was noticed that European collaborators generally enjoy productive results in due course of their solid economy. As explained by Altunbas and Marques (2007), activities are prolonged by about 2.5% and 1.2 % in international fusions and local unions respectively. Outcomes showed that in the local cases of collaborators, varying capital structure and target of small size upgraded local merging entity's progress and the other way around in the case of cross-border collaborators. Indian economic Institutes also gave rise to after merger in the form of fruitful conducts (Sinha and Kaushik, 2010). They analyzed 17 firms during 2000 to 2008 by utilizing non-parametric methodology of Wilcoxon Signed-Rank Test. Four parameters, for example profitability, liquidity, solvency and efficiency were utilized to examine the operations of the organization and certified a notable link of operational activities with M & A. Conversely, Egyptian influx of collaborating entities was not as beneficial as in the United States., the United Kingdom and India since Egypt has currently joined the field of banking reforms (Badreldin and Kalhoefer, 2009). Furthermore, the ROE fundamental plan saw that the effect of overseas just as local M & A on Egyptian financial area during 2004-2007 was uncertain.

Truth be told, Abdur-Rehman and Ayorinde (2011) analyzed the condition of M & A on the execution of the banks in Nigerian. They highlighted consolidations by essential choices, i.e., liquidity hazard, credit hazard, capital design, resource profile and productive advancement. Return on value, return on resources and in general income was used as the markers of operational errands.

Kemal (2011) tested the behaviors of one bidder bank by using twenty proportions for the length of 2006-2009. It was found by him in the exhibition after the consolidation of Royal Bank of Scotland with ABN AMRO. Conservative increases, liquidity, influence, resource the board and income were used as deciding components of the execution. He noticed fruitless outcomes after consolidations. Tests were not used to affirm these discoveries. Likewise, no example was used to square the post-consolidation direct during the exploring cycle of SCB (Arshad, 2012). It was considered that one bank's post-consolidation operational exercises between assessments of SCB after it teamed up with Union bank. Productivity, liquidity and capital proportions were required to assess the execution. Prior-consolidation time span was 2004-2006 and the time frame subsequent to blending was 2007-2009. The results of 11 proportions showed a decrease in the presentation after the cooperation.

Additionally, it has been pointed that various investigators propped the perceived focuses that consolidations fundamentally inspiration the exhibition of banks and various mechanisms, for instance, liquidity, influence, capital sufficiency and size impact such exhibitions. Moreover, by far most of studies used bookkeeping based near examining techniques as opposed to occasion considers.(Altunbas and Marques, 2007; Kemal, 2011; Arshad, 12 and Ullah, et al., 2010)

Rhoades (1993) examined the impacts of consolidations in the financial business on execution and gains while assessing both the nearby and worldwide consolidations. This featured the losses and gains effectiveness assessment of 33 financial bank-to-bank joint efforts which addresses that the limit of the inner consolidations upgrades the proficiency of cost and minor enhancement of the effectiveness of pay while immaterial beneficial change inside the income execution and no non-gainful variety in the cost of execution in the outer teammates.

Sufian (2004) targeted the performance results of M&A of banks in Malaysia. This was the reason that Malaysian business banks had been taken to research the technological effectiveness all through the merger 12 months. Their consequences proved a universal boom in performance in the simulator period which is estimated approximately 95.9%. They additionally concluded that the collaborating program became prosperous and the micro Malaysian banks. Although the economic quarter particularly banks took gain and were given advantages from collaborators however a number of the big banks confronted positive unproductiveness of huge gauge through it.

In 2008, Kumar & Bansal discovered the effect of M&A on Indian business activities. They checked out of each and every of the allegations regarding the collaborators are attained in India. This research utilized fiscal facts, tables and various ratios to create evaluation of correlation and so forth. And found that during most of the times the firms who acquire others via M&A gain several advantages and by generating synergy in longer term like boom in cash flow, large commercial enterprise, strategic advantage, diversification and discount in price and so on.

Mantravadi & Reddy (2008) discovered before and after-merger overall conducts in India and targeted the acquiring corporations from numerous zones and various industries however their main focus was on determining functioning overall operational activities of the organizations through financial proportion. They choose the models of all the merging firms among the general public confined ad trading companies throughout 1991-2003. The discoveries of this research did not depict a great deal effect in the after-merger functioning task of the companies in several trades situated in the Indian districts.

Badreldin & Kalhoefer, (2009) study is primarily established on Egyptian banks which have been confronted by M&A from 2002 to 2007. As per their calculations, organizations Return on Equity (RoE) in sequence to the extent of operational activities and the successful banking improvements in empowering and combining this region. Their inspection showed a rise in the official activities when organizations are in comparison with the overall conducts before the consolidation. It is figured within the information that M&A in the Egyptian banking region’s economic growth confirmed a widespread development and a little wonderful influence at the credit credit-danger position. Such discoveries aren't familiar to the recent technique.

Sufian & Habibullah (2010) examined Malaysian banking zones on the idea of their effective technology post M&A. Inspection discovered an aloft mean technical effectiveness stage once they evaluate it with the period before the collaboration. Mishra & Chandra, (2010) observed the pharmaceutical enterprises in India, overall progress on the contrary of M&A. They have been of the opinion that M&A doesn't hold any huge effect on an entity's opportunity in the extended duration and this is because of the X-disorganization and access of recent companies into the marketplace.

Obaid-ullah, Sabeeh-ullah and Usman, (2010) surveyed the consequences of associations on the monetary overall position tasks of Atlas Investment and Al-Faysal Investment Bank Ltd from Pakistan. Investigation enrolled three financial measures; advantage and vocations, capital adequacy and fusibility. It saw that for Faysal bank restricted ordinary upgrading is noted in the post-collaboration length. It is come about that during the post-consolidation term of the model both the banks cleaned up their generally speaking monetary movement. Consolidation blasts the monetary generally speaking authority undertakings in light of cutting edge center to business, better administration, higher credit assessment, and smooth way to deal with the pristine and exceptionally estimated innovative assets.

Kemal (2011) argued after-consolidation effectiveness for Royal Bank of Scotland. Research utilized accounting proportions to examine the economic overall official conducts of Royal Bank of Scotland (RBS) after the consolidation. The research figured out economic declarations for the period of four years (2006-2009) via the use of twenty critical correlations. The conclusions presented that the economic all in all operational tasks of RBS in the zones of advantage, liquidity, assets management, leverage, and cash flows have been relatively better prior than the M&A contract. This shows that the collaboration doesn't succeed to enhance the economic progression of the banking entities.

2.10 Hypothesis of the Study

Ho1: There is a variation between banks' Pre and Post M&A on Capital adequacy.

Ho2: There is a variation between banks' Pre and Post M&A on Asset Quality Ratios.

Ho3: There is a variation between banks' Pre and Post M&A on Management Soundness.

Ho4: There is a variation between banks' Pre and Post M&A on Efficiency Ratios.

Ho5: There is a variation between banks' Pre and Post M&A on Liquidity Ratios.

In the context of Pakistan, M&A activities accelerated following the 2008 financial crisis, where weaker banks faced liquidity pressure and stricter SBP regulations. Unlike global markets where M&A is often strategic, consolidations in Pakistan are commonly driven by regulatory compliance and survival motives. This distinction is critical in interpreting CAMEL outcomes, particularly in Asset Quality and Liquidity, which are sensitive to macro-financial anomalies.

3.0 RESEARCH METHOD AND STRATEGY

This research methodology recounts the specific methods for conducting investigation bit by bit. CAMEL Rating System (which was first presented in the United States in the year 1979) is a local monitoring tool which is fruitful for appraising the accuracy of pecuniary organizations on a continuous and equal basis. This rating is also being implemented by banks in the U.S and by other lending institutions (approx. 8,000 institutions) and is also applied by numerous banking supervisory regulators beside U.S. CAMEL simulator is a combination of five frameworks "Capital Adequacy, Assets Quality, Management Efficiency, Earnings Ability and Liquidity Management".

As per the recent research discovery is discussed on the basis of secondary facts and statistics are been resulting from the annual financial statements of banks of the respective branches which are listed in

Karachi Stock Exchange. The financial statements were extracted from State Bank of Pakistan's website. The fundamentals of this study are based on quantitative surveys to grant an insight into the trends that have raised the number of the M&A in our country The examination is lawful to a period of ten years (2011-2018). Only those banks have been chosen which provided the data of all these years and have been collaborated in the particular year. An experimental analysis has been executed to observe the outlines of collaboration in the banking zones of Pakistan.

S.No	Code	Ratio Name	Ratio Calculation
Capital /leverage ratios (CA): Capital Base of any financial institution facilitate their depositors about the risk also certain level is advised to be maintained by the financial institutions.			
01	CA1	Capital ratio	$= \frac{Total\ Equities}{Total\ Assets} * 100$
02	CA2	Commitments & contingencies to total equity	$= \frac{Commitments\ \&\ contingencies}{total\ equity}$
03	CA3	Breakup value per share	$= \frac{Total\ Equities}{Total\ No.\ of\ Shares\ Outstanding}$
Assets quality ratios(AQ): Determines the strength of organizations against the loss of worth in the assets.			
04	AQ1	Non-performing loan to gross advances	$= \frac{Non-performing\ loan}{gross\ advances} * 100$
05	AQ2	Provisions against NPLs to gross advances	$= \frac{Provisions\ against\ NPLs}{gross\ advances} * 100$
06	AQ3	NPLs to shareholders equity	$= \frac{Non\ Performing\ Loans}{shareholders\ equity} * 100$
07	AQ4	NPLs write off to NPLs provisions	$= \frac{Non\ Performing\ Loans\ write\ off}{Non\ Performing\ Loans\ provisions} * 100$
08	AQ5	Provision against NPL to NPLs	$= \frac{Provision\ against\ NPL}{Non\ Performing\ Loans} * 100$
Management Soundness (MQ): Includes set of norms, abilities and skills to plan and respond to varying conditions, practical capability, leadership and managerial ability.			
09	MQ1	Administrative Expenses to Profit before Tax	$= \frac{Administrative\ Exences}{Profit\ Before\ Tax} * 100$
10	MQ2	Admin. expense to non-markup/interest income	$= \frac{Admin.\ expense}{non-markup\ or\ interest\ income}$
Efficiency/ Profitability Ratio(E): It includes ROA and Other earnings efficiency and profitability ratios.			
11	E1	Spread Ratio	$= \frac{Net\ Markup\ or\ Interest\ Income}{Markup\ or\ Interest\ Earned} * 100$
12	E2	Net Interest Margin Ratio	$= \frac{Total\ Interest\ Income - Total\ Interest\ Expance}{Total\ Assets} * 100$
13	E3	Return on Assets (ROA)	$= \frac{Net\ Profit\ After\ Tax}{Total\ Assets} * 100$
14	E4	Return on Equity (ROE)	$= \frac{Net\ Profit\ After\ Tax}{Shareholders\ equity} * 100$
15	E5	Non-Interest Income to Total Assets Ratio	$= \frac{Total\ Non\ Markup\ Interest}{Total\ Assets} * 100$
16	E6	Net Interest Income after Provision to Total Assets	$= \frac{\text{Net Interest Income after Provision}}{\text{Total Assets}} * 100$
17	E7	Markup/interest expense to markup/interest income	$= \frac{\text{Markup or interest expense}}{\text{markup or interest income}} * 100$
18	E8	Non-markup/interest expense to total income	$= \frac{Non-markup\ orinterest\ expense}{total\ income} * 100$
Liquidity ratios(L): An acceptable liquidity point refers to a state where organization can get adequate funds, either by cumulative liabilities or by changing its assets rapidly at a sensible cost.			
19	L1	Cash & cash equivalent to total assets	$= \frac{Cash\ \&\ cash\ equivalent}{total\ assets} * 100$
20	L2	Investment to total assets	$\frac{Investment}{total\ assets} * 100$
21	L3	Advances net of provisions to total assets	$= \frac{Advances\ net\ of\ provisions}{total\ assets} * 100$
22	L4	Deposits to total assets	$= \frac{Deposits}{total\ assets} * 100$
23	L5	Total liabilities to total assets	$= \frac{Total\ liabilities}{total\ assets} * 100$
24	L6	Gross advances to deposits	$= \frac{Gross\ advances}{deposits}$
25	L7	Gross advances to borrowing & deposit	$= \frac{Gross\ advances}{borrowing\ \&\ deposit} * 100$

Zafar, Muhammad & Sattar, Abdul. (2020)

3.1 Method of Data Collection

3.2 Sampling Technique

As we are analyzing the performances of banks between 2008 -2018 so we have selected our population with respect of same time frame. The cases of M&A during the period of as listed below.

Before M&A	After M&A	Years	Before M&A	After M&A	Years
PIC & ICL	NIB Bank	1/1/2008	My Bank Limited	Summit Bank	6/7/2011
PICIC Bank	NIB Bank	1/1/2008	Atlas Bank	Summit Bank	11/1/2011
Network Leasing	KASB Bank	17/02/2009	Royal Bank of Scotland Ltd.	Faysal Bank	3/1/2011
Askari Leasing	Askari Bank Limited	10/3/2010	New Jubilee Life insurance Co	HBL	2/06/2011
Al-Zamin Leasing	Invest Capital Investment	11/1/2010	Orix Investment Bank Ltd	Orix Leasing Corporation	04.12.2011
KASB Bank	Bank Islami	11/05/2017	NIB Bank	MCB Bank	01/08/2017

Source: Contest Command of Pakistan and Karachi Stock Exchange Database (http://www.ksestocks.com/OldCompanies/Merged)

3.3 Sample size

We have taken four banks i.e.; HBL, Summit bank, Askari and Faysal Bank .These banks were merged and acquiesced during the period of 2011,it was important and necessary to have a selection of those banks only which were merged in the same year as we were applying t test. Researcher will consider 4 cases of merger and acquisition to analyze.

3.4 Research Model/Theoretical Framework

This simulator is planned to elaborate the inspiration of M&A on banks efficiency in the banking segment of Pakistan. Five figures with the events have been represented to inspect the impression of M&A on the competence of banks. Capital (C) The first adjustable collection is the sign of principal and relatable symbols that present investment, the proportion of investment to assets and depict strengths of an entity. Under the head of Capital Adequacy four ratios were taken from the annual statements of banks. Asset Quality (A) The proportion of Asset quality are one of the basic risks that are faced by banks. Under the head of Asset quality five ratios were taken. Liabilities have the peak avoidance jeopardy; a rising number of non-performing loans represents a worsening of the quality of an asset. Under the head of Management soundness two ratios were taken. Under the head of Liquidity three ratios were taken. Under the head of Efficiency nine ratios were taken.

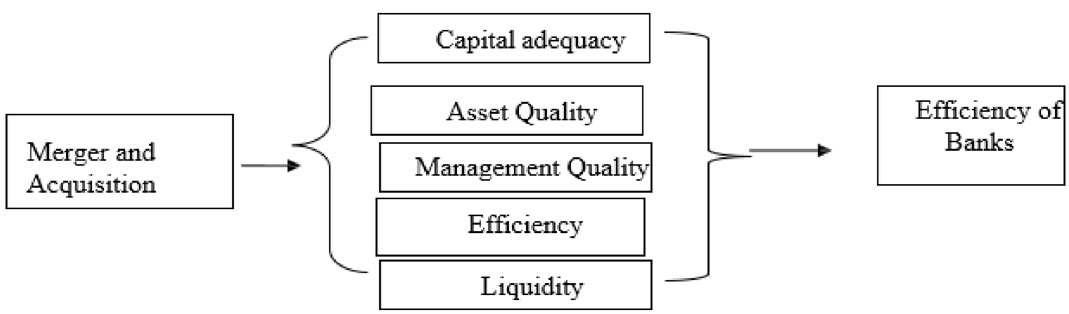

Figure 1: Theoretical Model of Mergers and Acquisition

Source: Intercontinental periodical of Multidisciplinary Research and Development Rostami, M. (2015).

Management Soundness (M) As management is a qualitative problem, such as the capability of taking the risk, it is usually hard to guess the quality of organization. The management quality of a bank can be calculated by some significant proportions that are used in CAMEL's model. Earning Ability (E) Earning is the most essential progress measurement of the banking segments. The relationship of earning and relative financial ratios is projected in this survey. Liquidity (L) Liquidity risk events an institution's ability to meet unforeseen funds that are requested by investors. Liquidity scopes are anticipated to be mutually completed, detrimentally connected to the possibility of catastrophe that are organized in model. Rostami, M. (2015).

3.5 Statistical technique

In this research we have taken four banks i.e HBL, Summit,,Faysal and Askari Bank which have merged in 2011.We applied opposite sample t-test.As the topic of this study mentioned the union and acquisition of banks during the period of 2008 till 2018 but to balance the data we have selected 2005 - 2018 which is six years Pre and Post-merger data. Combined example t-test is a technique which is utilized for contrasting example implies with look at if there is satisfactory confirmation to presume that the methods for the relating populace dissemination additionally vary. Truth be told, for a free Samples t-test, an example is taken from two populaces. The two examples are estimated on some factor of interest. A t-test decides whether the methods for the two example circulations vary altogether from one another.

3.6 Methodological Justification:

Paired sample t-tests were used because the same banks were evaluated before and after their mergers over matched time windows. This method isolates the effect of M&A by controlling for bank-specific characteristics that remain constant across time..

4. RESULT & FINDINGS

The analysis techniques are used to measure change in the capital adequacy, asset quality, management, efficiency, liquidity of selected banks. The results are shown below the table.

a)Faysal Bank Limited

Table 4 –Faysal Banks' Paired Samples Test

	Paired Variances					t	Df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Variance				
				Lower	Upper			
Pair 1 FCB - FCA	-.6277	.830	.3139	-1.395	.1403	-4.000	6	.046
Pair 2 FAQB - FAQA	-.0598	.158	.0599	-.2065	.0868	-4.298	6	.048
Pair 3 FMB - FMA	-.4157	2.701	1.021	-2.914	2.082	-.407	6	.698
Pair 4 FEB – FEA	.0485	.3203	.1210	-.2477	.3448	.401	6	.702
Pair 5 FLB – FLA	-.0043	.0060	.0022	-.0099	.0012	-1.887	6	.108

By analyzing the results, we can clearly say that it is a remarkable change in between pre and post-merger of Faysal Bank. There is a significant change in Capital adequacy and Asset Quality (Pair 1 and Pair 2) whereas by looking into the other three pairs it shows an insignificant change in Efficiency, Liquidity and Management of bank after merger. Significant change after post-merger in Capital Adequacy shows that bank can sustain a loss if there is liquidation or dissolution and have enough cushion to absorb a reasonable amount of losses before bank becomes insolvent. There is positive results related to asset quality as well which determines the soundness of banks against loss of value in the asset. Insignificant change in Liquidity, Management and Efficiency shows that bank cannot afford financial stress so in this case they need to look and plan some control risks of on daily activities for that they need to implicate rules and regulations. Insignificant change in earnings shows that this bank is not in a competitive position as well and cannot expand. Insignificant change in liquidity ratio shows an inability of bank management to meet deposit outflows while continuing to fund demand for loans.

b) SUMMIT BANK

Table 7: Summit Bank's Paired Samples Test

	Paired Variances					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Variance				
				Lower	Upper			
Pair 1 SCB - SCA	-8.851285	14.7639043	5.5802313	-22.505619	4.8030484	-8.586	6	.016
Pair 2 SAQB – SAQA	-.738994	1.3264900	.5013661	-1.9657929	.4878043	-7.474	6	.019
Pair 3 SMB – SMA	-28.21000	77.8791467	29.4355506	-100.23619	43.8161977	-.958	6	.375

Pair 4	SEB – SEA	.8870635	2.0148501	.7615418	-.9763621	2.7504891	1.165	6	.288
Pair 5	SLB – SLA	-.0136429	.0238810	.0090262	-.0357291	.0084434	-1.511	6	.181

By looking into results, we can clearly say that there is a momentous change in between pre and post-merger of Summit bank. There is a remarkable change in Capital adequacy and Asset Quality (Pair 1 and Pair 2) whereas by looking into the other three pairs it shows an insignificant change in Management, Liquidity and Efficiency, Significant change after post-merger in Capital Adequacy shows that bank can sustain a loss if there is liquidation or dissolution and have enough cushion to absorb a reasonable amount of losses before bank becomes insolvent. There is positive results related to asset quality as well which determines the soundness of banks against loss of value in the asset. Insignificant change in Liquidity, Management and Efficiency shows that bank cannot afford financial stress so in this case they need to look and plan some control risks of on daily activities for that they need to implicate rules and regulations. Insignificant change in earnings shows that this bank is not in a competitive position as well and cannot expand. Insignificant change in liquidity ratio shows an inability of bank management to meet deposit outflows while continuing to fund demand for loans.

c) HBL

Table 10: HBL's Paired Samples Test

		Paired Variances					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Variance				
					Lower	Upper			
Pair 1	HCB - HCA	-14.51	4.52	1.71	-18.69	-10.32	-8.486	6	.000
Pair 2	HAQB - HAQA	.161	.133	.050	.037	.285	3.195	6	.019
Pair 3	HMB - HMA	1.099	2.52	.954	-1.23	3.43	1.152	6	.293
Pair 4	HEB - HEA	-1.176	1.96	.743	-2.99	.643	-1.582	6	.165
Pair 5	HLB – HLA	-.0147	.014	.005	-.028	-.001	-2.638	6	.039

By looking into results, we can clearly conclude that there is significant change in among pre and post-merger of HBL. There is a momentous change in Capital capability and Asset Quality and Liquidity (Pair 1,2 and Pair 5) whereas by looking into the pair 3 and 4 it shows an insignificant change in Efficiency, and Management of bank after acquisition. Significant change after post-merger in Capital Adequacy shows that bank can sustain a loss if there is liquidation or dissolution and have enough cushion to absorb a reasonable amount of losses before bank becomes insolvent. There is positive results related to asset quality as well which determines the soundness of banks against loss of value in the asset. Significant change in Liquidity shows that bank can afford financial stress so in this case it shows that bank has some control risks on daily activities and they have good implication of rules and regulations. Insignificant change in Earnings shows that this bank is not in a competitive position as well and cannot expand. Insignificant change in liquidity ratio shows an inability of bank management to meet deposit outflows while continuing to fund demand for loans.

4) ASKARI BANK

Table 13: Askari Bank's Paired Sample Test

	Paired Variances	t	df	

		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Variance				Sig. (2-tailed)
					Lower	Upper			
Pair 1	ACB - ACA	.5415907	4.965015	1.8765994	-4.0502826	5.1334641	.289	6	.783
Pair 2	AAQB – AAQA	-.0748271	.1762655	.0666221	-.2378456	.0881913	-1.123	6	.304
Pair 3	AMB – AMA	1.090357	2.793425	1.0558156	-1.4931305	3.6738448	1.033	6	.342
Pair 4	AEB – AEA	.3675552	.8628448	.3261247	-.4304431	1.1655536	1.127	6	.303
Pair 5	ALB – ALA	.0033405	.0405385	.0153221	-.0341514	.0408324	.218	6	.835

By looking into all the pairs, we can clearly say that it is irrelevant change in among pre- and post-merger of Askari Bank. Insignificant change after post-merger in Capital Adequacy shows that bank cannot sustain a loss if there is liquidation or dissolution and have enough cushion to absorb a reasonable amount of losses before bank becomes insolvent. There is also insignificant change in asset quality as well which determines the unsoundness of banks against loss of value in the asset. Insignificant change in Liquidity, Management and Efficiency shows that bank cannot afford financial stress so in this case they need to look and plan some control risks of on daily activities for that they need to implicate rules and regulations. Insignificant change in earnings shows that this bank is not in a competitive position as well and cannot expand. Insignificant change in liquidity ratio shows an inability of bank management to meet deposit outflows while continuing to fund demand for loans.

Capital Adequacy and Asset Quality improve significantly because merged banks typically experience recapitalization, enhanced risk controls, and portfolio diversification. However, Efficiency and Management Soundness tend to show weaker improvement because operational restructuring takes longer, and integration challenges—such as technology alignment and staff rationalization—delay efficiency gains. Differences across banks arise from the quality of pre-merger balance sheets and the acquiring institution's managerial capability.

5. DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Discussion

There are twenty-three scheduled banks, six Public Sector Scheduled banks, one Non Public Scheduled bank, four specialized scheduled banks, fifteen private banks, seventeen Islamic Banks, four international banks, thirteen microfinance banks, eight development Finance Institutions in Pakistan. National and international Union and Attainment is one of the business development policies to become Market Leader. Pakistani banking zones has shown a number of collaboration cases to achieve different objectives. In the current survey a sample of four banks HBL, Summit, Faysal and Askari were selected and inspected with the assistance of SPSS using Paired Sample t-test with due course of associate Pre M&A performance with the Post-merger and acquisition period .the year 2006 till 2011 were considered as pre-merger and acquisition period and from 2012 till 2018 were considered as Post Merger and acquisition Period .for the purpose of data analysis five variables were selected i.e; CAMEL ratios. CAMEL framework is used by SBP for the evaluation of banking performance. This study revealed a significant variance among Capital adequacy and Asset Quality while insignificant change in Liquidity, Efficiency and Management Soundness of Banks.

5.2 Conclusion

We have applied paired Sample t-Test on the collected data of four different banks that are from annual are HBL, Summit, Askari, Faysal and we have found that Faysal Bank has shown enhancement in Capital

Adequacy and Asset Quality. Summit bank has shown a significant change in Capital adequacy and Asset Quality HBL has shown significant change in Capital adequacy and Asset Quality and Liquidity. Faysal bank has shown an insignificant change in Liquidity, Management Soundness, Efficiency. Summit bank has shown insignificant change in Management Soundness, Efficiency and Liquidity whereas HBL has shown insignificant change in Management Sound=ness and efficiency.

5.3 Policy Implications.

It is widely accepted and obvious that when banks merged themselves they intend to utilize their human and operational resources in a better away and get their customers loyalty and make effective marketing strategies and upgrade their staff and services and get more capital accumulation. After M & A banks get a great goodwill and market strength.

Banks utilize their information technology through which m the utilization of collaborations that are essential to create within contemporary organizations. The out-sourcing of obligations to outside parties is as of now a reality and is additionally persuaded by the act of making creation cost more flexible. Thus, low gifted obligations, for example, money and teller are described by transient business contracts, low wages, and normally customary staff business. The examination shared that there was decrease in work in the financial business before the financial combination work out. There was an apparent ascent in business. It is suggested that directors of substances ought to be urged to decide. Partnerships may depict themselves as mindful firms that will prompt upgrade the in general monetary movement of Pakistan's organizations. Government should assume its part by propelling companies to M&A for the future advantages of the economy where they work their organizations and gain benefits.

SBP should mandate post-merger integration audits within two years of consolidation to ensure synergy realization. Banks should also adopt unified IT systems before the merger becomes fully operational to minimize efficiency delays. Additionally, boards should implement pre-merger stress testing to evaluate whether the merger will genuinely strengthen Capital Adequacy and Asset Quality without overburdening liquidity.

5.4 Future Need of Research

Further the study is prescribed to expand the quantity of models and utilize the instructive information from the latest yearly report to portray the new circumstance. Future investigations are required to lead research taking all things together industry areas, not simply the business of banks. Ends have been gotten from those banks which are referenced in Karachi Stock Exchange (KSE). Upcoming scholarships should utilize information with a more extended period to get more substantial estimation results. Impending investigations are required to interface M&A on Corporate Sectors too. (i.e Companies).

The determination of this research is restricted to some zones which is banking zone. Further, researching in other areas like telecom, automobiles etc. Due to geographical limitations several barriers are faced during researching in different regions and districts of Pakistan. There are several needs and huge scope in this research that could be achieved on national as well as international level. As mentioned earlier that survey was limited to the varying figures and facts of amalgamation, acquisition, and the economic benefits of banks. Frame of concepts can be altered by going for other factors.

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