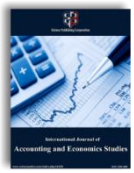
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Research paper



Relevance of Bank Merger and Acquisition Activities on Bank Performance and Shareholders Wealth: A Systematic Literature Review and Future Research Scope

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Abstract

This study reports a systematic literature study investigating the relevance of bank merger and acquisition (M&A) activities in bank performance and wealth of shareholders. Using the PRISMA framework, seventy-four peer-reviewed studies published between the year 2000 and 2022 were identified from major academic databases, namely Scopus, ScienceDirect, Google Scholar and Taylor & Francis. The work is a synthesis of empirical results related to short-term market reactions, long-term operating performance, efficiency, risk, and value creation linked to banking M&A. The results show that announcement effects are generally positive for target banks and mixed for acquiring banks in terms of shareholder wealth. Long-term effects on performance seem inconclusive, with different institutional settings, regulatory environments and methodological approaches showing varying results. Beyond traditional financial outcomes, the review highlights emerging research on environmental, social and governance disclosures, fintech integration and marketing synergies as having important dimensions on the post-merger value creation. By synthesizing fragmented evidence and detecting dominant patterns and gaps in research, the study adds comprehensive view of banking M&A outcomes. The review further lays out organized directions for future research with a strong emphasis on theory-driven, method-driven and region-specific research, especially in emerging economies.

Keywords: *Bank Mergers and Acquisitions; Bank Performance; Shareholder Wealth; Systematic Literature Review; Value Creation.*

1. Introduction

Mergers and acquisitions (M&A) have long been regarded as one of the strategic tools of banking industry growth, consolidation and competitive strength. In an increasingly globalized and regulated financial market, banks are involved in M&A transactions in order to achieve economies of scale, increase market power, diversify risk, and increase operational efficiency. Since the 1980s, banking M&A activity has grown significantly, which has led to sustained interest in this area, both academically and in the policy context, as a result of its implications for financial stability, shareholder wealth and long-term bank performance (Rahman et al., 2016; Asimakopoulos and Athanasoglou, 2013).

Early waves of bank consolidation were primarily the result of the effects of deregulation and technology change, particularly in developed economies. These developments enabled banks to branch out geographically, diversify its products and integrate financial services such as retail banking, asset management and insurance. Over the course of time, the digital transformation and financial innovation have further transformed the banking landscape and M&A has become a not only tool of cost efficiency, but also a strategic response to technological disruption and changed customer expectations (Focarelli & Pozzolo, 2001).

In recent years, the banking M&As have come to be influenced by wider structural and institutional factors, including regulatory reforms, competition from fintech companies, and increased scrutiny from investors and policymakers. Banks are now undertaking M&A not just to deliver better financial performance but to also build digital capabilities, better governance structures and meet environmental, social and governance (ESG) expectations. These changing dimensions have expanded the traditional evaluation of M&A outcomes beyond the short-term financial measures to include the reputational impacts, sustainability and long-term value creation.

From the perspective of the shareholder, M&As bring about complex and often asymmetric results. While target banks tend to receive positive abnormal returns on the news of mergers, the short-term market reactions of acquiring banks are mixed or even negative. Moreover, evidence on long-term post-merger performance is inconclusive, depending on institutional environment, regulatory environment and the method. These inconsistencies suggest the need for a systematic and integrative study of the banking M & A literature.

Against this backdrop a comprehensive synthesis of previous research is needed in order to clarify dominant patterns and to reconcile conflicting findings and to identify emerging research directions. This study fills this gap by providing a systematic literature review (SLR) of empirical and conceptual studies on bank mergers and acquisitions that were published between the years 2000 and 2022. By

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synthesizing the evidence on the effects of announcements, post-merger performance, efficiency and risk, and shareholder wealth, and incorporating some new themes such as ESG disclosure, fintech integration, and marketing synergies, the study offers a holistic view of the changing outcomes of banking M&A.

1.1. Banking mergers and acquisitions: definition, importance, and key drivers

Banking mergers and acquisitions (M&A) are basic restructuring and consolidation procedures in the financial sector. A merger is usually the combination of two or more banks into a single bank where assets, liabilities and operations are merged into one organizational structure. An acquisition, on the other hand, involves the purchase of a controlling stake in one bank by another bank, leading to either full ownership or substantial control over the managerial aspects of the bank that is acquired (Wanke et al., 2017).

Historically, banking M&A activity has been tightly linked to regulatory liberalisation, technological advancement and competitive pressures. In the United States, large-scale consolidation picked up after the deregulation in the late twentieth century and allowed banks to expand geographically and take advantage of economies of scale. Similar waves of consolidation then appeared in Europe and Japan as a result of financial integration, market harmonization and efficiency-oriented reforms. In more recent years banking M&A activity has spread to emerging economies as a result of globalization of financial markets and the rise in the importance of cross-border banking operations.

The motivations for banking M&A are multifaceted and can be broadly classified into the following: Efficiency-related drivers, Strategic drivers and regulatory drivers. One of the major driving forces is the pursuit of economies of scale and cost efficiency. By centralizing operations, banks can eliminate duplication of services, centralize administrative functions, and cut costs of operations. Empirical evidence points to such efficiencies, when successfully realized, having the potential for improving profitability and competitive positioning.

Market expansion and diversification is another important driver for banking M&A. Through acquisitions or mergers, banks can more broadly diversify into new geographic markets, new customer bases, and can spread their revenue streams by product and geographic location. This diversification could help to mitigate the exposure to local economic shocks, and improve financial resilience. Additionally, M&A can help banks reinforce their position in the market and increase their negotiating power in increasingly competitive financial systems.

Regulatory and competitive pressures are also a major factor in banking M&A decision making. Capital adequacy requirements, supervisory expectations and increased competition from non-bank financial institutions and fintech firms have forced banks to look at consolidation as a means of ensuring stability and compliance. In this context, M&A is often a strategic response to regulatory tightening and changes in the structure of the financial sector.

Technological advancement has been a more recent but growing driving force behind banking M&A. Digital transformation, data analytics and banking models based on platforms has changed the way financial services are delivered. M&A offers banks opportunities to acquire technologies, integrate digital infrastructure and accelerate innovation. Consequently, modern banking M&A goes beyond the traditional cost and scale factors to include digital integration and long-term strategic adaptation.

Figure 1 shows the accumulated value created through M&A transactions in the total digital banking industry from 2000 to 2020, which clearly shows that the digital banking industry has been steadily advancing, and key transactions are ongoing.

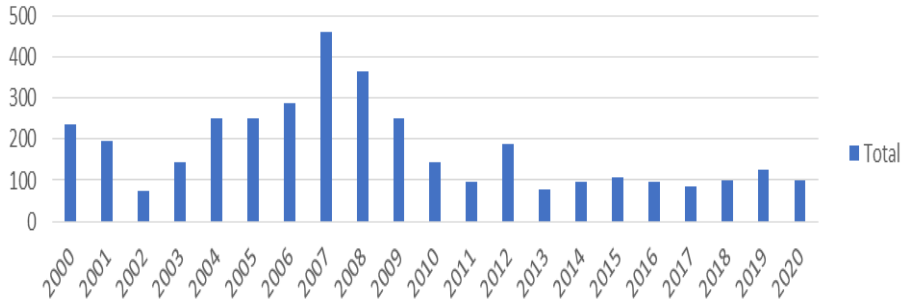


Fig. 1: Value Creation Through M&A in the Banking Sector.

1.2. Rationale of the study

Banking mergers and acquisitions (M&A) have attracted sustained attention from academics and regulators because of their potential implications for the performance of banks, shareholder wealth and financial stability. Although there is a large number of empirical studies examining banking M&A, the available evidence is fragmented and often inconclusive. Prior research finds mixed results regarding efficiency gains, profitability gains and long-term value creation, reflecting differences in institutional settings, regulatory environments and empirical methodologies (Amel et al., 2004; Reddy, 2015).

There have been a number of influential studies that have added some valuable pieces of information, but they are limited in scope. For example, Amel et al. (2004) offer a detailed description of banking consolidation in the developed economies but their analysis does not go far enough to cover emerging markets where banking M&A activity has accelerated in recent years. Similarly, Reddy (2015) points out some methodological patterns for M&As research by using a bibliometric approach but does not directly measure post-merger performance or shareholder wealth outcomes. Renneboog and Vansteenkiste (2019) consider the determinants of success and failure of mergers and acquisitions but do not explicitly focus on the long-term performance implications in the banking sector.

Moreover, much of the existing literature focuses on narrow aspects of banking M&A such as short-term stock market responses or isolated measures of operational efficiency. While announcement effects and abnormal returns are widely studied, there are fewer contributions combining such short-term market responses with long-term post-merger performance and risk outcomes. As a result, there is little consensus on whether banking M&A creates sustained value for acquiring institutions and shareholders in different economic situations (Renneboog & Vansteenkiste, 2019).

In addition to these limitations, recent structural changes in the banking industry have broadened the range of factors that affect the M&A outcomes. Technological innovation, fintech adoption, digital integration progressively determine the post-merger efficiency and service quality, and environmental, social and governance (ESG) disclosures are emerging as a determining factor for investor perception and

market valuation. However, these emerging dimensions are not well represented in traditional banking M&A reviews, which mainly focus on financial ratios and measures of cost efficiency (Rahman et al., 2016).

Given these gaps, the need for a systematic literature review (SLR) is felt to consolidate and to critically review the existing research on banking M&A. By using a transparent and replicable review structure that draws on the PRISMA guidelines, this study synthesizes empirical and conceptual evidence published between 2000 and 2022. The review synthesises the research on announcement effects, post-merger performance, efficiency, risk and shareholder wealth, while also capturing new themes associated with ESG, fintech integration and marketing synergies.

Based on the aforementioned, this study address three key objectives:

- To consolidate and evaluate prior research on the impact of banking M&A on bank performance and shareholder wealth
- To identify dominant empirical patterns, methodological approaches, and contextual factors shaping observed outcomes
- To propose structured future research directions that address unresolved questions, particularly in emerging markets and in relation to non-financial performance dimensions.

To achieve these objectives, this study performs an SLR that cover the above researches from 2000 to January 2022. The SLR methodology makes it possible to rigorously and impartially assess previous research work, which in turn helps to determine the emerging themes, trends, and gaps in research.

2. Research Methodology

This study has adopted a Systematic Literature Review (SLR) methodology in order to investigate the impact of Bank Mergers and Acquisitions (M&A) on bank performance and shareholder wealth. An SLR provides a structured, transparent and replicable technique of synthesising existing research, and reducing selection bias. Given the wide and dispersed nature of the banking M&A literature, this methodology is especially suitable for synthesising empirical findings and identifying dominant patterns, inconsistencies and research gaps.

The review process follows “Preferred Reporting Items for Systematic Reviews and Meta-Analyses” (PRISMA) guidelines to adhere to methodology rigor and transparency. The key stages of the review process include the formulation of a search strategy, inclusion and exclusion criteria, screening and selection of the studies, and systematic data extraction and analysis.

2.1. Literature search strategy

An extensive literature search was conducted to identify relevant related studies that were published between 2000 and January 2022. The period of search was defined to reflect early and contemporary waves of banking M&A research reflecting regulatory changes, financial crises and technological developments in the banking sector. Only peer-reviewed journal articles and conference proceedings in English language were taken into consideration to ensure academic quality and consistency.

2.1.1. Database selection

The basis for selection of the databases was the credibility, coverage and relevance to banking, finance, economics and management research. Four major academic databases were used - Scopus, Science Direct, Google Scholar and Taylor & Francis.

Scopus was included due to its broad coverage of journals in terms of peer-reviewed journals and the tracking of citations and bibliometric analysis. ScienceDirect was chosen for its good access to High Impact Journals published by Elsevier, particularly in the field of finance, economics and management. Google Scholar was used as a complementary search tool to access a broader range of academic outputs such as conference papers and interdisciplinary studies which may not be indexed in subscription-based databases. Taylor & Francis were included because of its focus on social sciences, finance and business research as it provides access to specialized journals helpful for banking and financial performances.

The combination use of these databases ensured that all possibilities of influential or relevant studies are considered and thus avoided the probability of neglecting some of them.

2.1.2. Search keywords and query

A structured keyword approach was implemented to identify banking M&A that is relevant studies and performance outcomes. Boolean operators were used to enlarge and narrow the search across databases. The main search string used was:

“Bank mergers” OR “Bank acquisitions” AND “Bank performance” OR “Bank efficiency”

These keywords were selected to represent those studies that deal both with the activity of mergers and consequences for financial performance, efficiency, and shareholder wealth. The use of "OR" operator enabled the inclusion of studies that used alternative terminology, whereas the "AND" operator ensured that the study was relevant to performance-related outcomes.

To improve the accuracy of searches, the keyword variations and database-specific indexing practices were also taken into consideration. This approach ensured the inclusion of a wide range of empirical, conceptual and review studies relevant to banking M&A.

2.1.3. Search results

The total number of documents found in this initial database search was 1,550, which is summarized in Table 1. These results constitute the entire group of potentially relevant studies before application of inclusion and exclusion criteria.

Table 1: Database Search Summary

S. No.	Database	Applied Keywords	Total Documents Retrieved
1	Scopus	“Bank mergers” OR “Bank acquisitions” AND “Bank performance” OR “Bank efficiency”	23
2	ScienceDirect	Same as above	1464
3	Google Scholar	Same as above	53
4	Taylor & Francis	Same as above	10
Total			1550

2.2. Study selection process

Following the initial search, a multi-stage screening and selection process was introduced to narrow down the dataset to studies directly related to the research goals and objectives.

2.2.1. Inclusion criteria

Following the initial retrieval of 1,550 documents a structured and multi-stage study selection process was followed to refine the dataset to publications that were directly relevant to the objectives of this review. The selection process was designed to be both academic and relevant to the theme but transparent and replicable at the same time.
At the first stage, predefined inclusion criteria were applied to identify the studies that are suitable for analysis. Only publications published between 2000 and January 2022 were taken into account, in order to capture both early and contemporary waves of banking M&A research. This time has marked important regulatory reforms, globalization of financial markets and technological developments that have influenced merger activity in the banking sector. Furthermore, the review was limited to studies that explicitly looked at mergers and acquisitions in the banking or financial institution, and therefore excludes studies looking at corporate M&A in other non-financial sectors.
In addition, selected studies had to analyse performance-related outcomes such as profitability, efficiency, risk or shareholder wealth. This criterion ensured that it is aligned with the central research questions of the study. Empirical, conceptual and review articles published in peer-reviewed journals/conference proceedings were included as they are subject to formal academic scrutiny. To ensure consistency and interpretative accuracy, the publications were limited to English-language publications only.

2.2.2. Exclusion criteria

Alongside the inclusion criteria there were a set of exclusion criteria that were used to further refine the dataset. Studies related to mergers and acquisitions in industries other than the banking and financial sector were also excluded, because the structural and regulatory environment of the industry is quite different from that of banking M&A. Similarly, research that looked at generalized corporate mergers that did not explicitly have banking-related implications was excluded.
Non-peer-reviewed materials such as working papers, unpublished manuscripts and studies without full bibliographic information were excluded to ensure academic reliability. Duplicate records resulting from overlap of coverage in the databases were identified and eliminated to avoid redundancy in the final data set. The use of these exclusion criteria ensured that the final sample included distinct and high quality studies directly relevant to banking mergers and acquisitions.

2.3. Screening and refinement process

To ensure more methodological transparency, the study selection process was conducted based on the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework. The process of screening was carried out in different stages. Initial screening of studies was based on the subject areas to ensure that the study is relevant to economics, finance, business and relevant social sciences. Publications that do not fall under these disciplinary boundaries were removed at this stage.
Subsequently the titles, abstracts and keywords have been carefully analyzed to identify whether these fit to the central themes of banking M&As and performance outcomes. Studies that were not directly focused on merger activity or that did not evaluate the implications of merger activity on bank performance or shareholder wealth were excluded. This stage made a huge reduction in the data set by removing studies that were either too generic or tangential in nature.
The last stage of the refinement involved removal of duplicate publications and studies without sufficient academic rigor. After passing all the screening and refinement stages, a total of 74 high-quality studies remained and were included in the final review. The full process of selection is shown in the PRISMA flowchart in Figure 2, allowing transparency and reproducibility of the selection process.

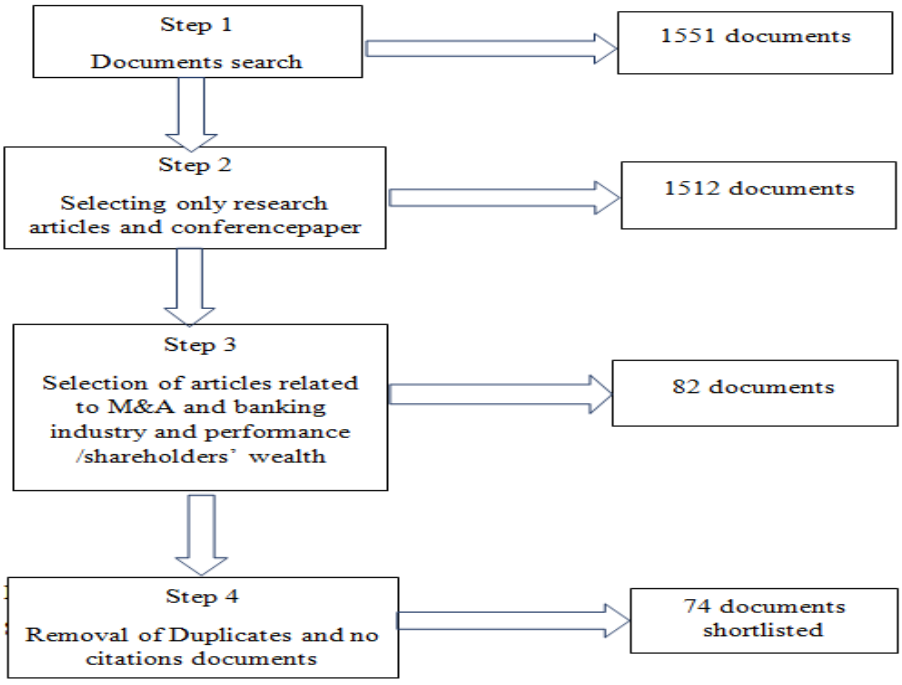


Fig. 2: PRISMA Flowchart of the Literature Search and Selection Process.

2.4. Data extraction and analysis

Following the final selection of 74 high quality studies, a systematic and structured data extraction process was undertaken in an effort to insure consistency, comparability and analytical depth among the reviewed literature. The purpose of this process was not just to synthesize individual studies, but to help towards a useful synthesis of empirical data from a wide variety of methodological approaches, institutional contexts and outcome measures.

Each of the studies was carefully reviewed to extract information relevant to the central research question, for example, whether an analysis was primarily concerned with short-term market reactions to mergers announcements, post-merger operating performance, dynamics of efficiency, implications of risk, or shareholder wealth effects. This categorization was required in order to differentiate between immediate market-based consequences and longer-term operational and financial consequences of banking M&A that are often judged using fundamentally different analytical frameworks.

In addition to thematic focus, a detailed description of the methodological design used in each study was provided. Particular attention was paid to the empirical techniques used to assess M&A outcomes, including such techniques as event study methodologies to assess announcement effects, regression based econometric models to assess performance and risk analysis, stochastic frontier analysis (SFA) and data envelopment analysis (DEA) to measure efficiency and mixed methods combining quantitative and qualitative insights. Recording methodological diversity enabled powerful analytical traditions within the literature to be identified and how methodological choices may influence reported findings to be determined.

The process of extracting the data also recorded contextual data, for example geographical scope of the individual studies and institutional context of the mergers. Studies were classified according to whether they were developed economies, emerging markets or cross-country samples. This distinction is of particular importance in banking M&As research since regulatory frameworks, market structures and governance regimes vary considerably across regions, and can materially affect the outcome of mergers.

Finally, key findings and conclusions of each study were systematically documented in order to facilitate comparative study. This approach allowed the review to address areas of convergence and divergence in the empirical evidence, the robustness of performance effects reported in the literature, and unresolved inconsistencies in the literature. The thematic, methodological and contextual dimensions, in terms of the data, formed a strong foundation for the descriptive analysis and discussion in the subsequent sections.

2.5. Justification for the systematic literature review approach

The application of a systematic literature review (SLR) methodology is especially suitable to investigate the issue of banking M&A due to the complexity, heterogeneity and frequently contradictory nature of the existing empirical evidence. Research on banking M&A extends back over several decades and involves both different institutional settings and analytical traditions and exhibits fragmented results that cannot be synthesized easily using conventional methods of narrative review.

Unlike narrative reviews, where you can do a lot of selective interpretation or subjective emphasis, the SLR framework offers a transparent and replicable approach to evidence synthesis. By the use of predefined inclusion and exclusion criteria and the following of a structured screening process, the SLR methodology will allow minimizing the risk of selection bias and guarantee that an adequate number of relevant studies is covered. This is especially true in studies of banking M&A, where there are large variations in outcomes depending on deal characteristics, regulatory environments and market structures and time horizons.

The inclusion of the use of the PRISMA guidelines further promotes the methodological rigor of the review process by having a clearly documented process for the identification of studies, screening, eligibility assessment, and inclusion of studies. This set approach increases the credibility of the findings and also provides other researchers the chance to replicate or extend the review in future studies. In the context of financial economics and banking research, such transparency is required in order to ensure the reliability of policy relevant conclusions.

Moreover, an SLR is particularly suitable to the double character of the results of banking M&A transactions, both resulting in the short term reactions in the stock market, and in the long term operational performance. For example, the systematic synthesis of studies using different methodologies, such as event studies, efficiency analyses and risk-based models, is enabling a more nuanced understanding of the way different dimensions of performance respond to merger activity. This integrative perspective is not easily accomplished through isolated empirical research studies and unsystematic reviews.

Finally, the SLR approach is helpful to identify research gaps and emerging themes which are not immediately clear from individual studies. By performing a systematic comparison of evidence across regions, methodologies and time periods, the review is focused on those under explored, such as emerging markets, as well as emerging value creation determinants following mergers, such as digital transformation, fintech integration and ESG considerations. As such, the SLR methodology offers not only a detailed synthesis of existing knowledge, but also a structured way of future research and policy development in the field of banking mergers and acquisitions.

3. Descriptive Analysis and Emerging Perspectives in Banking M&A

This section provides a systematic descriptive analysis of the 74 studies included in the systematic literature review. Rather than simply reporting the frequencies and distributions, the goal of the analysis is to identify dominant patterns in publication trends, research outlets, citation influence, and thematic evolution in the banking M&A literature. These descriptive insights lay an empirical base for the synthesis and discussion of a deeper conceptual development found in subsequent sections. Table 2 describes the contribution of each of the studies used in this review to M&A literature.

Table 2: Classification of Current Literature

S. No	Author (year)	Studied Effects	Techniques	Key conclusion
1	Becher (2000)	Announcement Effect	T-test	banks mergers create wealth for targets, and the combined entity
2	Cybo-Ottone & Murgia (2000)	Announcement Effect	Regression Model	Domestic mergers deals are associated with significant positive abnormal returns than cross border mergers
3	DeLong (2001)	Announcement Effect	Z statistics	Only mergers that lead to expansion and diversifications how abnormal returns results

4	Hart &Apilado (2002)	Announcement Effect	GARCH-M event study model	Acquirer received slightly negative returns in comparison to targets through mergers
5	Cuesta &Orea (2002)	Post-merger Effect	SFA	Technical efficiency of merged firms increases after the merger
6	Bessler & Murtagh (2002)	Announcement Effect	Regression model	Cross border acquisitions are value creators than domestic acquisitions
7	Amihud et al. (2002)	Post-merger Effect	Regression Model	acquirers' risk neither increases nor decreases through cross border mergers
8	Berger& Mester (2003)	Post-merger Effect	Cost and profit Translog functions	Mergers resulted in cost productivity reduction and profit productivity improvement
9	Shin et al. (2003)	Post-merger Effect	Regression Model	Firms having the most considerable credit exposure with any merging banks experience negative returns
10	Shih(2003)	Post-merger Effect	SFA	Merging weak banks into healthier banks showed negative results
11	Valverde et al. (2003)	Post-merger Effect	H- Statistics	Bank mergers improved economic conditions with the largest benefits
12	Penas&Unal(2004)	Announcement Effect	Regression Model	Mergers bring positive returns for involving banks
13	Diaz et al. (2004)	Post-merger Effect	Regression model	Mergers increased acquirers' long-term profitability
14	Scholtens & Wit (2004)	Announcement Effect	Benchmark index & t-test	The wealth gains for target banks were significantly higher than bidders.
15	Havrylchyk, Olena (2004)	Announcement Effect	Malmquist Index	Mergers bring higher abnormal returns for targets banks
16	Kiymaz, Halil (2004)	Announcement Effect	Single& two-factor market models	Positively significant gains for US targets
17	Humphrey& Vale (2004)	Post-merger Effect	Regression Model	Mergers in the Norwegian banking sector failed to gain efficiency improvement
18	Campa& Hernando, (2006)	Announcement Effect	CAPM	Targets banks experience positive returns than acquirers through mergers
19	Chong et al. (2006)	Announcement Effect	Benchmark index & Regression model	A significantly negative value of forced mergers in Malaysia
20	Fields, L Paige (2007)	Shareholders' Wealth	Regression Model	Positive abnormal returns for public targets
21	Lanine &Vennet (2007)	Post-merger Effect	Regression model	find no evidence of efficiency motivation through cross-border M&A
22	Sufian &Majid (2007)	Post-merger Effect	DEA	Singapore's banking sector experienced a reduction in overall efficiency through M&A activities
23	Rezitis (2008)	Post-merger Effect	SFA & Malmquist productivity index	Negative impact of mergers on Greek banks efficiency and productivity
24	Hagendorff et al. (2008)	Announcement Effect	Market model regressions & paired t-test	Targets with low investor protection regimes help bidders to receive higher returns
25	Altunbaş & Marques (2008)	Post-merger Effect	Regression model	Cross border M&A resulted in improvement in performance
26	Singh (2009)	Post-merger Effect	DEA	Mergers have no adverse effect on cost and profit efficiency
27	Kiymaz (2009)	Announcement Effect	Regression Model	U.S. bidders experiencedsignificant wealth gains from cross border mergers with European targets.
28	Kasman (2010)	Post-merger Effect	Regression Model	Mergers increase competition that influence bank performance negatively
29	Siriopoulos &Tziogkidis (2010)	Post-merger Effect	DEA	Mergers showed performance deterioration in most cases
30	Egger & Hahn (2010)	Post-merger Effect	Propensity score matching	Small banks enjoyed an improvement in cost performance after the merger
31	Bernad et al. (2010)	Post-merger Effect	Cobb–Douglas production function & Regression Model	The merger resulted in productivity improvementsin half of the cases
32	Vallascas &Hagendroff(2011)	Post-merger Effect	Merton distance to default model	Cross-bordermergers put no influence risk profile of the acquirer
33	Behr & Heid (2011)	Post-merger Effect	non-parametric Generalized Additive Model (GAM)	Merger affect cost efficiency and profitability in positive way in the long run
34	Chen & Tan (2011)	Post-merger Effect	Regression Model	Bancassurance merger failed to achieve synergy benefits in the long run
35	Kiliç (2011)	Post-merger Effect	DEA	Acquisition in the turkey banking sector failed to improve acquirers' financial performance
36	Agbloyor et al. (2012)	Post-merger Effect	Baltagi Error Component Two Stage Least Squares (EC2SLS	cross border M&A drives banking development in Africa
37	Al- Khasawneh & Essaddam, (2012)	Announcement Effect	DEA	Mergers between the less efficient bidders and targets create positive market returns
38	Asimakopoulos & Athanasoglou (2013)	Announcement Effect	asymmetric GARCH-type model	Targets earn significantly positive returns than acquirer in Europe
39	Halkos & Tzeremes(2013)	Post-merger Effect	DEA	Potential mergers showed operating efficiency gains in the short run
40	Bozos et al. (2013)	Post-merger Effect	bivariate E-GARCH	Making big banks through mergers has an adverse effect on assets pricing
41	Shin & Kim (2013)	Post-merger Effect	Panzar and Rosse model	Banks mergers resulted in higher market competition among existing banks
42	Chronopoulos, Dimitris K (2013)	Announcement Effect	DEA	US acquirers gained low wealth returns than Europe

43	Barros & Williams (2013)	Post-merger Effect	SFA	Cross border M&A had no impact on efficiency than domestic mergers in the long run
44	Montgomery et al. (2014)	Post-merger Effect	SFA	Merger do not affect profit efficiency, but it reduces cost-efficiency
45	F. Weiß(2014)	Post-merger Effect	GARCH-M model	Mergers have a negative impact on systemic leads to disability in the financial system
46	Popovivi & Turliuc (2014)	Post-merger Effect	Malmquist DEA	Cross border M&A shows an increment in total factor productivity of all involved banks
47	Antoniadis et al. (2014)	Announcement Effect	Regression Model	mixed results for both targets and bidders in the Greek banking sector
48	Molyneux, Philip (2014)	Post-merger Effect	Regression Model	Paid premiums on mergers helps banks to rescue from profitability but impose risk implications in banking system
49	Gregory, Alan (2014)	Announcement Effect	Regression Model	Cross-border and domestic both mergers show the same results in terms of announcement returns
50	Koerniadi et al. (2015)	Post-merger Effect	Distance to default & Regression model	cross-border M&A reduced default risk for the acquiring firms
51	Gómez (2015)	Post-merger Effect	Correlation analysis	the incumbent takeover may boost financial stability
52	Jagtiani et al. (2016)	Post-merger Effect	Regression Model	Community banks mergers with large banks enhanced the soundness of the financial system
53	Abdulazeez et al. (2016)	Post-merger Effect	t-test	M&A witnessed improved financial performance for the Nigerian banks.
54	Agliardi et al. (2016)	Post-merger Effect	Regression Model	Diversification and growth options for both targets and acquirer banks through mergers
55	Du & Nicholas Sim (2016)	Post-merger Effect	DEA	Target banks experienced higher efficiency gains than acquirers after M&A
56	Halkos et al. (2016)	Post-merger Effect	DEA	M&A of small banks show higher efficiency improvement than large banks mergers
57	Zhu & Yang (2016)	Post-merger Effect	Regression Model	Cross border M&A have reducing effect on state-owned banks' risk-taking
58	Rahman et al. (2016)	Post-merger Effect	DEA	M&A affect marketing efficiency in positive way for merged banks
59	Chen, Qi (2017)	Announcement Effect	Regression Model	Mergers bring transparencyto borrowers
60	Wanke et al. (2017)	Post-merger Effect	DEA	South Africa experienced no synergy and scale opportunity after the merger
61	Baltas et al. (2017)	Post-merger Effect	panel VAR methodology	Potential mergers enhance cost efficiency and liquidity in the economy
62	Rashid & Naeem (2017)	Post-merger Effect	Regression Model	No impact onprofitability, liquidity, and leverage ratios whereas negative on quick ratios of the firms
63	Fraisse et al. (2018)	Post-merger Effect	Regression Model	Megamergers reduce credit lending in the market
64	Cornaggia, Jess (2019)	Post-merger Effect	Regression Model	Targets with greater financial access help merged firms gain synergy benefits
65	Ahunov et al. (2019)	Post-merger Effect	propensity score matching	Acquirer experienced an improvement in cost efficiency than profit efficiency
66	Brealey et al. (2019)	Post-merger Effect	Regression Model	Mergers affect acquirers' systematic risk in the short-run
67	Ali & Sharma (2019)	Post-merger Effect	t-test	SBI shows performance improvement in the long run by acquiring its subsidiaries
68	Papadimitri et al. (2019)	Post-merger Effect	Regression model	Acquisition of punished banks brought improvement in operating performance to the combined entity
69	Al- Khasawneh et al. (2020)	Post-merger Effect	DEA & Malmquist productivity Index	Acquirer experienced cost efficiency improvement higher than scale efficiency through the merger
70	Coccorese , Paolo (2020)	Post-merger Effect	SFA	Only consecutive merger brings high cost-efficiency in BCC
71	Mamun et al. (2021)	Post-merger Effect	The propensity score matching (PSM) method & Regression model	Regulatory mergers showed profitability and efficiency improvement to non-merger peers
72	Hassan & Giouvris (2021)	Post-merger Effect	Regression Model	Bank mergers increased systematic risk because of economic freedom and excess market power
73	Blanco-Oliver(2021)	Post-merger Effect	DEA & Regression Analysis	The merger positively affect efficiency in the Spanish banking sector
74	Braggion et al. (2021)	Announcement Effects	Country Herfindahl-Hirschman Index	Not only banks with prior mergers but also non-merging banks experience wealth gains on the announcement of the merger

3.1. Yearly publication trends

The distribution in time of the publication of banking mergers and acquisitions over the time period of the review between 2000 and 2022 is shown in Figure 3. The trend shows a clear and sustained increase in academic interest especially after 2010. During the first part of the review period (2000-2010) the research activity was relatively moderate corresponding to an initial focus on consolidation waves driven by deregulation and market liberalization.

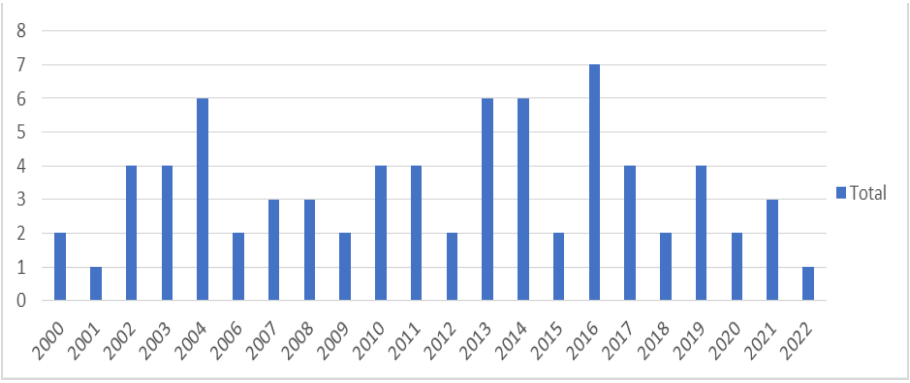


Fig. 3: Year Wise Distribution of Documents for the Present Study.

A pronounced increase in the volume of publications is found between 2013 and 2019, which coincides with increased regulatory interest after the global financial crisis, an increase in cross-border banking activity and a renewed interest in systemic risk and financial stability. This surge appears to indicate a change in scholarly focus from descriptive evaluations of merger activity to more subtle evaluations of performance, risk and governance implications. The minor drop in publications after 2019 may be an indicator of stabilization for banking consolidation activity or temporary reallocation of research priorities, especially in reaction to macroeconomic disruptions.

3.2. Journal distribution and research domains

The 74 selected studies were published in 36 peer-reviewed journals, indicating the interdisciplinary nature of banking M&A research. As can be seen from Table 3, there was a substantial number of publications in major journals in the field of finance and economics such as the Journal of Banking & Finance, the International Review of Financial Analysis and Journal of International Financial Markets, Institutions and Money. These outlets together make up almost 70 percent of the reviewed studies.

The concentration of publications in high impact finance journals highlights the centrality of banking M&A in the domain of financial economics research, whereas the existence of studies in general business and management journals reflects the increasing relevance of organizational, strategic and governance perspectives. This distribution reflects the fact that banking M&A research has been transformed into a more general analysis of economic and institutional aspects as compared to the first analysis of efficiency.

Table 3: Top Journals and Publishers in Bank M&A Research

Rank	Journal	Publisher	Total Articles
1	Journal of Banking & Finance	Elsevier	15
2	International Review of Financial Analysis	Elsevier	4
3	Journal of International Financial Markets, Institutions and Money	Elsevier	4
4	Research in International Business and Finance	Elsevier	4
5	Economic Modelling	Elsevier	3
6	Journal of Economics & Business	Elsevier	3
7	Journal of Financial Economics	Elsevier	3
8-15	Various other high-impact finance journals	Elsevier	2 each

3.3. Citation analysis and influential studies

Analysis of citations provides an understanding of the relative power and academic impact of specific studies in the banking M&A research. A sample of the most popular articles has been summarized in Table 4 and has been instrumental in shaping the research agenda and research methodology. The most influential studies that were included have made seminal contributions, which include:

- DeLong (2001): 926 citations, examining effectiveness of mergers among banks in terms of wealth.
- Berger (2003): 791 citations, discussing cost and profit productivity implications of M&A.
- Cibo-Ottone & Murgia (2000): 668 citations, comparing domestic and cross-border mergers.
- Altunbaş & Marques (2008): 442 citations, exploring performance improvements through cross-border M&A.

These studies stand out because of their rigor of methodology and because of the underlying questions of effects on shareholder wealth, efficiency gains and strategic diversification. Further, the referencing trends indicate that they highly depend on quantitative research designs, particularly, event studies and efficiency examination, which have gained a leading instrument in evaluating the results of banking mergers and acquisitions. Although the citation concentration demonstrates intellectual leadership in the area it also suggests that the studies are also subject to path dependence where more recent studies extend what has already been developed instead of going out of their way to test alternative theoretical viewpoints.

Table 4: Highly Cited Documents in Bank M&A Research

Rank	Title	Author(s)	Total Citations	Citations Per Year	Citations Per Author
1	Stockholder gains from focusing vs. diversifying bank mergers	DeLong (2001)	926	46.3	926
2	Explaining performance changes in US banks: Technology, deregulation, and competition	Berger & Mester (2003)	791	43.94	395.5
3	M&As and bank performance in Europe: Strategic similarities	Altunbaş (2008)	482	37.08	241
4	Mergers and shareholder wealth in European banking	Cybo-Ottone (2000)	668	31.81	334
5-10	Various other influential studies	Multiple authors	100-400 citations	8-25	Varies

Table 5 lists the leading authors in terms of the number of publications and number of citation. DeLong, Gayle L. is ranked the top with 1050 total citations in two papers, followed by Kiymaz, Halil and Berger, Allen N. who have contributed tremendously.

Table 5: Top Contributing Authors in Bank M&A Research

Rank	Author Name	Country	Publications	Total Citations	Citations Per Publication
1	DeLong, Gayle L.	USA	2	1050	525
2	Kiymaz, Halil	USA	2	171	85.5
3	Hagendorff, Jens	UK	2	102.33	51.7
4	Berger, Allen N.	USA	1	395.5	395.5
5	Becher, David A.	USA	1	343	343

3.4. Emerging perspectives in M&A: marketing, ESG, and fintech integration

Besides the conventional indicators of financial performance, recent research has been more concerned with the contribution of non-financial aspects of defining the results of banking mergers and takeovers. This new flow of literature is an indication of greater structural shifts in the banking sector in which the value generation is no longer only influenced by cost efficiency and scale economies, but also by the effectiveness of marketing, sustainability practices and technological potentials.

Marketing results have been more significant as investment in the success of post-merger. According to several studies, good integration of brands, customer retention programmes, and cross-selling programmes have a significant role in achieving revenue synergies after bank mergers (Rahman et al., 2016; Edeling et al., 2021). Lack of proper management of marketing integration, however, can lead to loss of brand equity and loss of customers, which destroys the expected gains of merging.

Another applicable nature of modern banking M&A is the use of fintech and digital integration. Merging to gain the digital capabilities is assisting banks to enhance their operational effectiveness, service quality and decision making based on data. As far as empirical research can show, technological integration can address the resulting post-merger operational intrusion and help achieve efficiency benefits, particularly in large and complex banking organizations (Wanke et al., 2017; Du and Sim, 2016).

The issue of environmental, social and governance (ESG) factors have also emerged as significant issues in influencing how investors and markets view banking M&A deals. Research has indicated that banks that demonstrate a stronger alignment of their sustainability and transparent reporting on sustainability will have a positive stock market response and reputational performance through and after the merger transactions (Agag et al., 2023; Kim, 2021). These results suggest the hypothesis that the concept of ESG performance has evolved into more of a signal mechanism among the banking industry in the long-term value creation and risk management.

Combined, these new views indicate a shift to a more holistic evaluation of the outcomes of banking M&A deals with financial performance, marketing performance, and technological integration, and sustainability factors all being considered as part of the holistic evaluation of shareholder wealth and long-term competitiveness.

3.5. Policy, governance, and institutional context

Regulatory environments, governance structures and the general institutional environments have a significant bearing on the outcome of banking mergers and acquisitions. The cross-country experiences are continually indicating that variation among the supervisory regimes, investor protection requirements and competition policies does have a significant effect on both the arrangement of M&A deals and the performance after the merger.

In advanced economies such as the United States and the European Union, the banking M&A activity is highly governed by these stringent regulations to ensure financial stability, adequate capitalization as well as safeguard consumer interests. Regulators, typically central banks and financial supervisory authorities, tend to assess the proposals of mergers considering the systemic risk, market concentration, and prudential levels. This means that mergers in these jurisdictions are normally highly pre-merged scrutinized and post-merged monitored, which may restrain the capacity to take unnecessary risk, but it may restrain the capacity to merge rapidly and nimbly.

The emerging markets, on the other hand, are rather heterogeneous in terms of regulation. Although banking consolidation in such settings is most of the time billed as a means of promoting financial stability and efficiency, the loose institutional structures and enforcement can make or break the success of a merger. In particular, research on emerging economies identifies issues related to the quality of governance, political impact, and unequal ability of regulations as something that may affect the implementation of the merger as well as long-term performance (Du and Sim, 2016; Wanke et al., 2017). The presence of these institutional variations adds to the fact that the empirical studies on the performance of banking M&As are usually observed to vary among the regions.

Governance is also not just a matter of wise regulation, but also disclosure practices, shareholder rights and ethical standards. Over the last few years, transparency, data protection, and responsible marketing have become increasingly more important, which has also affected the regulatory environment of banking M&A. The incorporation of fintech solutions and advanced customer analytics increase further governance concerns about data privacy and consumer protection, particularly in a jurisdiction where regulations evolve.

On the whole, the descriptive data prove that the results of banking M&A cannot be evaluated outside of their policy and institutional frameworks. The quality of regulation, the quality of governance and enforcement capacity are the key elements in the discussion on whether mergers are a means of efficiency and shareholder value maximization, or a question of risk and market concentration. Those institutional aspects constitute a significant foundation of the comparative and theory-based discussion that is constructed in the following section.

3.6. Linking descriptive insights to conceptual synthesis

Combined, the findings of the descriptive nature can be viewed as depicting the literature as increasing in size, focusing on methods, and broadening its themes. Although financial performance and shareholder wealth remain a priority, other studies have been more interested in governance, sustainability and technological integration. These tendencies suggest that there is a gradual shift to more interdisciplinary and policy-appropriate studies of banking M&A.

Notably, the descriptive trends, too, indicate certain unfulfilled areas, e.g. the preponderance of developed-market research, the lack of theoretical heterogeneity and the lack of uniform evidence concerning long-term performance results.

4. Discussion on Literature Review

The existing literature on banking mergers and acquisitions (M&A) reveals a complex and context-dependent relationship between consolidation activity, bank performance and shareholder wealth. Rather than creating uniform effects, banking M&A creates heterogeneous effects depending on deal characteristics, institutional environments, regulatory frameworks, and methodological approaches. This section synthesizes the reviewed evidence by bringing together the findings of two dominant threads of research, short-term market reactions and long-term post-merger performance and explicitly tying these outcomes to underlying theoretical explanations.

4.1. Announcement effect of M&A on shareholders' wealth gains

A large body of banking mergers and acquisitions (M&A) literature uses the shareholder wealth effect by analysing abnormal stock returns around the date of the merger announcement. A well-established empirical finding is the significantly positive abnormal returns for target banks and weaker, mixed or statistically insignificant returns for acquiring banks at the announcement stage (Hart & Apilado, 2002; Scholtens & De Wit, 2004; Havrylchyk, 2004; Campa & Hernando, 2006). These results suggest that capital markets generally view a target institution as the main beneficiary of merger activity largely attributable to acquisition premiums and improved bargaining positions of target shareholders.

However, the literature also warns that positive announcement-period returns are not necessarily followed by positive post-merger performance increases. Several studies highlight that the initial market optimism may be limited by the later integration difficulties, costs of restructuring and organizational complexity, which may prevent the realization of synergies expected (Campa & Hernando, 2006). In contrast, the announcement returns of acquiring banks are usually muted or negative, reflecting investor uncertainty about overpayment, execution risk and the success of post-merger integration strategies (Hart & Apilado, 2002; Havrylchyk, 2004).

Empirical evidence illustrates further that there are deal characteristics and information environments that make announcement effects sensitive. Fields et al. (2007) conclude that both transparency and availability of information are critical in the response of investors to acquisitions because acquisitions of publicly listed targets produce significantly high abnormal returns as compared to acquisitions of privately held banks. Besides this, the reaction of the market is influenced by the relative efficiency of merging institutions. Mergers resulting in inefficient bidders and targets can lead to short term benefits in the market whereas mergers of moderately efficient bidders and less efficient targets can negatively affect the shareholder value in the long run (Al-Khasawneh and Essaddam, 2012).

Other moderating factors include the institutional and regulatory contexts. Hagendorff et al. (2008) discover the acquiring banks to have higher chances of benefiting at the expense of their investors when the targets are located in jurisdictions with weaker investor protection regimes, possibly because of expectations of governance improvements and value extraction opportunities after the merger. The cross-country study shows that despite the fact that the target banks in the United States and Europe are generally likely to report positive abnormal returns there is a significant variation in the average bidder returns across regions, indicating that there exist variations in the institutional setup and the market expectations (Scholtens and De Wit, 2004; Chronopoulos et al., 2013).

Another major dimension in the announcement effect studies is the difference between domestic and cross-border mergers. On the one hand, domestic mergers are more likely to be accompanied by a high level of positive abnormal returns than cross-border transactions and, therefore, investors can discount the extra complexity and uncertainty of cross-border integration (Cybo-Ottone and Murgia, 2000). However, cross-border acquisitions may create positive gains to the bidders in some situations, particularly when the U.S. banks purchase European targets because of the perceived strategic benefits and new growth opportunities (Bessler and Murtagh, 2002; Kiymaz, 2009). These results emphasize the fact that the announcement effects depend not only on the deal structure, but also on the macro-financial risk environment and institutional distance.

Overall, the announcement-effect literature suggests that shareholder wealth outcomes in banking M&A are extremely sensitive to target-acquirer characteristics, transparency, investor protection regimes and geographic context. While target shareholders are always the beneficiaries at the announcement stage, acquiring-bank returns are always uncertain, highlighting the importance of taking into account institutional and strategic factors for short-term market reactions.

4.2. Post-merger effect on bank performance

While announcement effects capture short-term market expectations, a large literature exists on the post-merger performance of banks to determine whether synergies anticipated at the time of announcement can materialize over time. This strand of research measures changes in profitability, efficiency, liquidity, risk and overall financial stability after mergers and acquisitions. The empirical evidence, however, is mixed and very context-specific.

Several studies document improvements in operational performance and efficiency in the post-merger period. Empirical results of efficiency-based analyses have shown that gains in technical efficiency, productivity, and cost performance may come from mergers especially when assessed over longer time periods (Cuesta & Orea, 2002; Behr & Heid, 2011; Blanco-Oliver, 2021). According to these studies, there can be economies of scale, technological integration and organizational change that are involved in performance improvement but this is not instant.

Conversely, vast literature indicates that the outcome of post-mergers is poor or negative, especially in the short-run. Norwegian and Singapore experiences indicate that the banking mergers are most likely to fail to achieve the efficiency gains because of integration issues, complexity in management and scale related inefficiencies (Humphrey and Vale, 2004; Sufian and Majid, 2007). All the same, Montgomery et al. (2014) explain that profit efficiency may not be heavily influenced, but cost efficiency may be influenced negatively following mergers due to transitional disruption and costs of coordination.

The performance evaluation is timely and plays a crucial role in the outcomes being observed. A number of researches emphasize the fact that benefits following merger would only be achieved after a considerable durability of adjustment. As an example, Garcia and Azofra (2004) document the fact that even within two years, the performance improvement is often not going to be seen, until the integration expenses were recovered. Similar evidence in the Turkish and Indian banking sectors demonstrates that it could be likely that in the short-run performance may be weak or even negative but in the long-run more likely be positive as the restructuring processes become stabilized (Kilic, 2011; Ali and Sharma, 2019).

Further complications as regards risk and stability considerations in the consideration of post-merger performance are in existence. According to some studies, mergers cause a reduction in the default risk and an increase in the liquidity creation particularly in the cross-border transaction (Koerniadi et al., 2015; Baltas et al., 2017). Conversely, other researchers highlight how the association of mergers with

large, and/or systemically significant banks, in combination with the erosion of market discipline, plays out in concentrated banking systems (Molyneux et al., 2014; Brealey et al., 2019). These data point out this trade-off between the benefits of consolidation of banking and risks accrual.

The institutional, regional conditions also influence the post-merger process outcomes. Experiences in the emerging economies have shown that regulatory quality, management structure and market maturity contribute a great deal to the success of a merger. Research on emerging markets suggests less efficient or less consistent gains in efficiency compared to developed markets, which is indicative of limitation problems based on property capacity and institutional performance (Du and Sim, 2016; Wanke et al., 2017). Moreover, mergers that are compelled or that are driven by policy have been associated with the reduction in performance and the increase in instability provided that there is the misalignment of integration incentives (Shih, 2003; Chong et al., 2006).

On the whole, the literature on post-merger performance indicates that banking M&A does not entail a set of equal benefits. According to comparatively analysis presented in Table 6, performance results are determined as a product of interaction between the deal characteristics, integration effectiveness, regulatory environments and evaluation horizons. The above results highlight the importance of longitudinal and use of context-sensitive approaches in assessing the long-term effectiveness of banking mergers and acquisitions.

Table 6: Comparative Analysis of Pre- and Post-Merger Impacts on Financial, Marketing, ESG, and Fintech Dimensions

Impact Area	Pre-Merger Scenario	Post-Merger Impact	Key Metrics / Indicators
Financial Performance	Fragmented operations, lower cost efficiency, limited scale	Improved ROA, ROE, and cost efficiency due to synergies	ROA ↑, ROE ↑, Cost Efficiency ↑
Marketing Performance	Separate branding, lower customer loyalty, weak cross-selling	Unified branding, higher retention, improved brand equity	Customer Retention ↑, Brand Value ↑
ESG Integration	Limited disclosures, weaker investor alignment	Enhanced ESG reporting, improved investor trust, stronger reputation	Reputation ↑, Stock Volatility ↓
Fintech Adoption	Legacy systems, slower processes, limited data integration	AI, blockchain, and digital banking improve service speed, security, and operational efficiency	Operational Efficiency ↑, Risk ↓

4.3. Integrating financial, marketing, ESG, and technological perspectives

The latest trends of banking mergers and acquisitions (M&A) literature extend past the conventional financial performance measures, with marketing results, environmental, social and governance (ESG) and technological integration being taken into account as critical factors to determine post-merger value creation. This change is part of the wider structural change in the banking sector where the competitive advantage in the banking sector has turned to be reliant on intangible assets, digital capabilities and stakeholder trust.

The success of a banking merger has been an aspect that has drawn a lot of focus on the marketing performance. It has been observed in previous studies that post-merger branding efforts, customer retention efforts, medium of cross-selling efforts are significant in transforming operational synergies into sustainable revenue increase (Rahman et al., 2016). Marketing integration can be effective to achieve superior customer relationship and increase brand equity, whereas inadequately managed marketing integration may be part of the losses in the form of customer attrition and the loss of merger-related benefits. The findings indicate that financial synergies alone can not be effective in the case where the customer-facing dimensions are not well-aligned.

Technological integration and adoption of fintech are another dimension that is important for post-merger outcomes. Banking M&A is increasingly used as a route to acquiring digital capabilities, rationalising operations and enhancing service delivery. Empirical evidence is suggestive that the combination of digital platforms, data analytics, and automated processes can help to overcome operational disruptions and improve efficiency in post-merger environments, especially in large and complex banking organizations (Du & Sim, 2016; Wanke et al., 2017). Nonetheless, technological integration can only be successful when legacy systems are compatible with strategic priorities of merging institutions.

The environmental, social and governance (ESG) issues have also gained relevance in recent M & A research studies on banking. Research has shown that banks with a superior ESG alignment or superior sustainability disclosure will have a more beneficial investor response upon declaring a merger, and an enhanced reputation outcome during the post-merger phase (Agag et al., 2023; Kim, 2021). The ESG performance is increasingly becoming a signal mechanism, which decreases the information asymmetry and enhances stakeholder trust in the long-run plan of a merged company.

Collectively, these perceptions show that value creation in banking M&As is multidimensional and exceeds conventional accounting indicators. Financial performance, marketing effectiveness, technological capability and alignment with ESG are interacting factors that have an impact on shareholder wealth and long-term competitiveness. These dimensions when incorporated in the analysis of mergers in the banking industry can assist us in having a more comprehensive picture of why certain mergers generate sustainable value and others fail to generate benefits as expected.

4.4. Synthesis and conceptual implications

The review of the evidence in the literature on banking mergers and acquisitions (M&A) demonstrates that the results of the mergers are predetermined by the heterogeneity of outcomes and high contextual, institutional and strategic dependence. The co-existence of positive announcements concerning the target banks, combined post-merger performance effects on the acquiring institutions, and dissimilar risk inferences highlights the intricacy of value creation in banking consolidation.

One such observation which emerges out of the synthesis is that there is a gap between the short-term market expectation and the reality of operations in the long-term. The effects of abnormal returns at the announcement-period have to a large extent been due to investor perceptions founded on the availability of information, acquisition premium, governance regimes and deal characteristics. Conversely, the outcome of performance after the merger is determined by the effectiveness of integration, the restructuring of the organization, restrictions of regulations and strategic compatibility between institutions that are merging. The deviation comes in handy when it comes to the comprehension of why the positive attitude displayed by the markets in response to the announcement phase does not necessarily translate into the positive changes in terms of profitability or efficiency.

The literature also claims that the classical explanations that use the concept of economies of scale and cost efficiency alone cannot shed light to provide a comprehensive explanation of the realized M&A outcomes. Although the efficiency gains are obvious in certain cases, they are frequently offset by integration costs, complexity in management and increased systemic risk. The issues of market power, agency issues, and institutional quality interplay with each other and determine the results of mergers and the necessity of multi-dimensional assessment frameworks.

Notably, the conceptual framework of banking M&A is extended by the recent research that emphasizes the significance of marketing integration, technological capability, and ESG compatibility in identifying post-merger value creation. These dimensions indicate a more holistic shift of the understanding of what merger success may entail in the future, as the financial performance is connected to customer relations, digital transformation, quality of governance and trust among the stakeholders.

Altogether, the synthesis shows that findings of banking M&A deals cannot be generalized by countries or types of deals, and by timeframes. Rather, value creation is conditional upon interaction between financial, organizational, technological and institutional factors. This comprehensive approach forms the foundation of research gaps identification and forms motivation on the future research direction that is to be established in the following section.

Future Research Scope and Concluding Remarks.

5. Concluding Remarks and Scope for Future Research

This paper is a systematic literature review of a study of research on bank mergers and acquisitions (M&As) published since 2000 and on the consequences of these mergers on the bank performance and shareholders wealth. Based on evidence synthesis of 74 high quality studies using various methodological designs and institutional contexts, the review suggests the complicated and heterogeneous nature of banking M&A results.

The findings indicate that despite consistent positive abnormal returns received by target banks at the announcement phase, the varying and usually insignificant short-term market responses are observed with respect to the acquisition of banks. These asymmetric wealth effects are reflected in acquisition premiums, information asymmetries and investor uncertainty about integration risks and synergy realization. Long-term post-merger performance is inconclusive based on evidence so far. Although several studies show improvements in efficiency, productivity, and profitability over long time horizons, others show either neutral or adverse outcomes especially in the short to medium term. These mixed results highlight the importance of the integration effectiveness, regulation constraint and institutional environments in determining the outcome of mergers.

A major takeaway from the review is that the performance of banking M&A cannot be properly measured using short-term market indicators alone. Long-term value creation relies on a combination of financial, organizational and contextual elements, such as quality of governance, market structure and regulatory oversight. Moreover, in recent literature, the non-financial dimensions, including marketing integration, technological capability, fintech adoption and environmental, social and governance (ESG) alignment, play an increasingly important role in deciding post-merger success. These dimensions point to a gradual move towards more holistic and interdisciplinary evaluations of banking consolidation.

Despite the large body of research reviewed, there are still a number of gaps. First, empirical evidence is still very much clustered in developed economies, specifically the United States and Europe. Given the increasing rate of banking consolidation in emerging markets, future studies should give more focus to these emerging markets to accommodate the differences in regulatory capacity, governance frameworks and market maturity. This type of research would enhance external validity of existing results and would provide more balanced world observations.

Second, it would be helpful in future research to employ longer periods of evaluation time so as to identify the dynamic aspect of post-merger integration and performance adjustment. A lot of the available literature is on short term results, and thus might not capture the delayed benefits of efficiency or risk effects that will be realized in the long run. Multi-year longitudinal studies post-merger are therefore essential in a bid to estimate value creation that is long-term.

Third, the banking M&A research requires greater methodological diversity. Although evidence studies, data envelopment analysis and stochastic frontier models are most widely used in the literature, supplementary qualitative and mixed method investigation can be more informative about the integration processes, managerial decision-making and organizational issues that cannot be quantified using quantitative models.

Lastly, the future studies ought to capture the other new dimensions that have appeared like eSG performance, fintech innovation, digital transformation and consumer trust in banking M&A outcomes more. These aspects are becoming major themes of competitiveness and investor image in the banking industry, yet this has not been researched intensively as in comparison to conventional financial performance metrics. The consideration of these dimensions would contribute to an even more comprehensive picture of how banking mergers can create or destroy value in the evolving financial systems.

In general, this is a systematic literature review that has identified the reality that not all mergers and acquisitions in banking are either good or bad. Their results depend on the context and are defined by a complex structure of financial, institutional, technological and governance factors. This study, by uniting and synthesizing the pieces of evidence of differing sizes and offering clear guidelines to the further research, contributes to the further discussion of banking consolidation within the academic and policy community and offers more informed decision-making to managers, regulators and investors.

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