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Effect of Merger and Acquisition Strategy on Financial Performance of Financial Institutions in Rwanda Access Bank, I & M Bank and Ecobank

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Abstract: ***The main purpose of this research project was to analyze the effect of mergers and acquisition strategy on financial performance of banking institutions in Rwanda. The researcher achieved this study by use of three(3) specific objectives namely; To examine the effect of capital accumulation on performance of the selected Commercial banks; To analyze the effect of Man power Potential & size on performance of the selected Commercial banks in Rwanda and to analyze the effect of Combine technology on performance of the selected Commercial banks in Rwanda. The study will be significant to the researcher; commercial banks in Rwanda, Jomo Kenyata University of Agriculture and Technology and other scholars who have interest in the same area. The researcher used descriptive design based on qualitative and quantitative approach in order to get better analysis of the study. The population of the study was 143 and samples of 59. Both primary and secondary source of data was consulted by use relevant tools like questionnaire and documentary analysis in order to come up with required data. Data was processed by use of SPSS and analyzed by use of percentages/frequency, mean and standard deviation. In the finding it was established that mergers and acquisition strategies like Man power Potential & size, Capital accumulation and Combine Technology contributes positively to profitability of the bank, return on investment, organization Asset and return on equity. The relationship between mergers and acquisition strategies and Financial Performance of the bank the results indicate that independent variable has Positive high correlation to dependent variable equal to. 888** and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated. This means that there is a significant relationship between mergers and acquisition strategies and Financial Performance of the bank by 88.8%. The banks proprietors should increase more capital in order for the bank to operate effectively and efficiently especially in financing development capital investment.***

Keywords: Acquisition, Financial Capital Accumulation, Financial performance, Intellectual, Capital Acquisition, Merger , Technological Innovations

1. Introduction

1.1 Background of the Study

Mergers and acquisitions have hit headlines from the past as much as the present. They are being talked of and promoted the world over. Studies carried out have shown merger and acquisition activities on a wide range of sectors including banking & insurance, oil, gas, electricity among others. According to Brealey, 2006, Corporations from US incurred more than 1.7 trillion dollars on mergers and acquisition in 2000. Sudarsanam (2003) found out that the main purpose of carrying out M&A is to increase the shareholders' value. Most firms seeking mergers and acquisitions seek to become the leading player in the product- market area of the strategic business unit. A lot has been happening on Mergers and acquisitions activities due to various factors. Samples of both corporate and financial buyers were able to achieve superior performance (Copeland, 2005).

Due to changes in the operating environment, several licensed institutions, mainly commercial banks, have had to merge (combine their operations in mutually agreed terms) or one institution takes over another's operations (acquisitions). Other reasons include a short-term solution to finance problems that companies face due to information asymmetries (Fluck and Lynch, 1999), revitalize the company by bringing in new knowledge to foster long-term survival (Vermeulen and Bakerma, 2001) and to achieve synergy effects (Lubatkin, 1987; Birkinshaw et al., 2000; Vaara, 2002).

In modern business today, the globe has continued changing and organizational learning is required to remain up to date. Institutions that cannot learn will become obsolete and non-competitive. Leaders should periodically examine the organizational structure of their enterprise to ensure that it continues to provide an environment for organizational learning toward the achievement of its objectives (Miele, 2012).

However, because of some organizational trends, an increasing amount of attention has recently been directed toward the phenomena of restructuring, outsourcing, downsizing, internal job mobility, subcontracting, merging or other complex of internal reorganization (European Expert Group on Health in Restructuring, 2009), especially in the financial institutions. Most of this interest has focused on the potential performance outcomes of firms embracing these initiatives and on the expected benefits of these types of restructuring in order to match the changing business requirements and for better performance. Restructuring is also viewed as mechanism of providing organizations with a way to significantly reduce costs, increase productivity and profitability, and, thereby, enhances global competitiveness, (Harris, 2004).

In Rwanda, many organizations both private and government are merging or acquired by other organizations in order to promote their financial performance. Banking institutions in Rwanda have adopted the strategies of mergers and acquisition for former BCR was acquired by I&M bank, BANCOR acquired by ACCESS BANK and

BCDI acquired by ECOBANK. This research will analyze the effect of merging and acquiring on financial institutions in Rwanda.

1.2 Problem statement

Mergers have become the main means of attaining higher performance which is the ultimate goal of every firm, including banks. Many studies carried out in the area of M&A have established inconsistent results. A study by KPMG International found that 75% to 83% of the mergers fail. Failure means lowered productivity, labor unrest, higher absenteeism and loss of share holder value. In some cases, it means well-publicized dissolution of the combination. The fact is that it is much easier to make a deal than to make a deal work (Nguyen and Kleiner, 2002). A study conducted by Lev and Mandelker (1972) on 69 firms by comparing the performance of merged firms using profitability measures for 5 pre-merger and 5 post-merger years concluded that the market value of the acquiring firms rose on average by 5.6%.

Mergers and acquisitions continue to be a highly popular form of corporate development in today's banking industry world over. However, in a paradox to their popularity, acquisitions appear to provide at best a mixed performance to the broad range of stakeholders involved. While target firm shareholders generally enjoy positive short-term returns, investors in bidding firms frequently experience share price underperformance in the months following acquisition, with negligible overall wealth gains for portfolio holders, (Muia, 2010).

The gap here is that merger in commercial bank in Rwanda is a new phenomenon and no empirical study has been conducted on the effects on mergers and acquisition performance of financial institution and this prompted the researcher to undertake this research.

1.3 Objectives of the study

1.3.1 General Objective

The overall objective of this study was to analyze the effect of mergers and acquisition strategy on financial performance of banking institutions in Rwanda.

1.3.2 Specific objectives

To help achieve this main objective, the following specific objectives are identified:

1) To examine the effect of Financial Capital accumulation on financial performance of the selected Commercial banks
2) To analyze the effect of Man power Potential & size on financial performance of the selected Commercial banks in Rwanda.
3) To establish the effect of Technology innovation on financial performance of the selected Commercial banks in Rwanda

1.4 Research Questions

The main research questions for this study are as follows:

1) What is the effect of Financial Capital accumulation on financial performance of the selected Commercial banks in Rwanda?
2) What is the effect of Man power Potential & size on financial performance of the selected Commercial banks in Rwanda?
3) What is the effect of Technology Innovation on financial performance of the selected Commercial banks in Rwanda?

1.5 The scope of the study

The subject scope will be to examine the effect of mergers and acquisition strategy on financial performance of banking institutions in Rwanda. Geographically the researcher examined the effect of mergers and acquisition strategy on financial performance of selected banking institutions which include Access Bank, I & M Bank and Eco Bank. The researcher analyzed the period five year from 2011 to 2015.

2. Research Methodology

2.1 Research design

Study used descriptive research design using case study method. Both quantitative and qualitative analysis is done used for the data collected

2.2 Target population

The target population was 143 staff working from administration, audit and finance and accounting.

2.2.1 Sampling Techniques and procedures

Department	Population	Sample size	Sampling Technique
Eco bank	48	20	Purposive and stratified sampling technique
Access bank	35	14	Purposive and stratified sampling technique
I & M Bank	60	25	Purposive and stratified sampling technique
Total	143	59	

Source: Human resource Report (2016)

2.2.3 Sample size determination

The sample size was 59 respondents calculated on the base of Solvin's method

2.4 Data collection instruments

Questionnaire was used to collect primary data.

2.5 Data analysis

The raw data collected from primary sources by the researcher was edited and coded, is statistically treated and drafted in tables, the statistical package for social sciences (SPSS) is used to produce results that are further interpreted.

3. Analysis and Discussion

3.1 Effect of Capital Accumulation on financial performance of the selected Banks

Table 3.1: Assessment of Capital Accumulation as a result of Merger in the selected Banks

Assessment of Capital Accumulation as a result of Merger in the selected banks	Response							
	Strongly Agree		Agree		Not sure		Mean	Std. Deviation
	Freq	%	Freq	%	Freq	%		
Merger has increased capital base of the bank	18	30.5	41	69.5	-	-	4.3051	.46440
Merger has diversified capital investment	20	33.9	36	61.0	3	5.1	4.2881	.55866
Merger has brought asset together	18	30.5	37	62.7	4	6.8	4.2373	.56748
Merger has brought loan investment together	17	28.8	36	61.0	6	10..2	4.1864	.60099

The analysis reveals that all the respondents (100%) agreed that merger has increased capital base of the bank as further indicated by strong mean of 4.3051 and homogeneity standard deviation of .46440, 95% of the respondent agreed that merger has diversified capital investment in the bank as also indicated by strong mean of 4.2881 and heterogeneity standard deviation of .55866. The findings further shows that 93% of the respondents agreed that merger has brought asset together as indicated by strong mean of 4.2373 and heterogeneity standard deviation of .56748 and lastly the finding shows that 90% of the respondents agreed that merger has brought loan investment together indicated by strong mean of 4.1864 and heterogeneity standard deviation of .60099, soon after the merger capital increased by 14% in 2011, 18% in 2012, 39% in 2013, reduced to 29% in 2014 and 22% in 2015. This was witnessed inform of return on asset, return on loan, return on equity and return on investment.

Table 3.2: Effect of Capital Accumulation on financial performance of the Banks

Effect of Capital Accumulation on financial performance of the Banks	Response							
	Strongly Agree		Agree		Not sure		Mean	Std. Deviation
	Freq	%	Freq	%	Freq	%		
Capital accumulation has increased profitability	14	23.7	34	57.6	11	18.6	4.0508	.65453
Capital accumulation has Increase return on investment	13	22	39	66.1	7	11.9	4.1017	.57819
Capital accumulation has increased return on Asset	14	23.7	35	59.3	10	16.9	4.0678	.63962
Capital accumulation has increased return Equity	12	20.3	39	66.1	8	13.6	4.0678	.58323

The analysis reveals that 81% of the respondents agreed that Capital accumulation has increased profitability of the bank as further indicated by strong mean of 4.0508 and heterogeneity standard deviation of .65453, 88% of the respondent agreed that Capital accumulation has Increase return on investment as indicated by strong mean of 4.1017 and heterogeneity standard deviation of .63962. In ascertaining whether Capital accumulation has increased return on Asset, 83% of the respondents agreed to the hypothesis, this was further indicated by strong mean of 4.0678 and heterogeneity standard deviation of .63962 and lastly the finding shows that 86% of the respondents agreed that Capital accumulation has increased return Equity indicated by strong mean of 4.0678 and heterogeneity standard deviation of .58323

Table 3.3 Relationship between of Capital Accumulation on performance of the Bank

			Capital Accumulation	Financial Performance
Spearman's rho	Capital Accumulation	Correlation Coefficient	1.000	.852**
		Sig. (2-tailed)	.	.000
		N	59	59
	Financial Performance	Correlation Coefficient	.852**	1.000
		Sig. (2-tailed)	.000	.
		N	59	59

**. Correlation is significant at the 0.01 level (2-tailed).

The analysis shows the relationship between Capital Accumulation and Financial Performance of the bank, out of 59 and the significant level is 0.01, the results indicate that independent variable has Positive high correlation to dependent variable equal to .852** and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated. This means that there is a significant relationship between Capital Accumulation and Financial Performance of the bank by 85.2%

3.3 Effects of Man power Potential & size on financial performance of the Banks

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Table 3.4: Assessment of Man power Potential & size as a result of Merger in the Bank

Assessment of Man power Potential & size as a result of Merger in the Bank	Response							
	Strongly Agree		Agree		Not sure		Mean	Std. Deviation
	Freq	%	Freq	%	Freq	%		
Merger has made bank to increase the number employees	19	32.2	38	64.4	2	3.4	4.2881	.52689
Merger has made the bank to recruit qualified staffs	17	28.8	41	69.5	1	1.7	4.2712	.48532
Merger has made the bank to train staffs effectively	18	30.5	39	66.1	2	3.4	4.2712	.51963
Merger has made the bank to create a knowledge base	21	35.8	34	57.6	5	6.8	4.2881	.58871

The analysis reveals that 97% of the respondents agreed that Merger has made bank to increase the number employees of the bank and further indicated by strong mean of 4.2881 and heterogeneity standard deviation of .52689, 98% of the respondent agreed that Merger has made the bank to recruit qualified staffs in the bank as also indicated by strong mean of 4.2712 and homogeneity standard deviation of .48532. The findings further shows that 97% of the respondents agreed that Merger has made the bank to train staffs effectively as indicated by strong mean of 4.2712 and heterogeneity standard deviation of .51963 and lastly the finding shows that 93% of the respondents agreed that merger has brought loan investment together indicated by strong mean of 4.2881 and heterogeneity standard deviation of .58871, soon after the merger capital increased by 4% in 2011, 7% in 2012, 11% in 2013, 11 29% in 2014 and 15% in 2015. The improved on man power capacity inform of recruitment of new staffs both local and foreign experts, capacity building inform of training of existing staffs in order to meet the running competition and establishing a knowledge based centre and interaction system with other banks around the world.

Table 3.5: Effects of Man power Potential & size on Financial performance of the Banks

Effects of Man power Potential & size on Financial performance of the Banks	Response							
	Strongly Agree		Agree		Not sure		Mean	Std. Deviation
	Freq	%	Freq	%	Freq	%		
Man power Potential & size increased profitability	21	35.6	36	61.0	2	3.4	4.3220	.53950
Man power Potential & size increase return on investment	24	40.7	32	54.2	3	5.1	4.3559	.58021
Man power Potential & size has increased organization Asset	23	39.0	34	57.6	2	3.4	4.3559	.54969
Man power Potential & size has increased return on equity	22	37.3	36	61.0	1	1.7	4.3559	.51738

The analysis reveals that 97% of the respondents agreed that Man power Potential & size increased profitability of the bank and further indicated by strong mean of 4.3220 and heterogeneity standard deviation of .53950, 95% of the respondent agreed that Man power Potential & size increase return on investment as indicated by strong mean of 4.3559 and heterogeneity standard deviation of .58021. In ascertaining whether Man power Potential & size has increased organization Asset, 97% of the respondents agreed to the statement, this was further indicated by strong mean of 4.3559 and heterogeneity standard deviation of .54969 and lastly the finding shows that 98% of the respondents agreed that Man power Potential & size has increased return on equity indicated by strong mean of 4.3559 and heterogeneity standard deviation of .51738.

Table 3.6: Relationship between Man power Potential & size on performance

			Man power Potential & size	Financial Performance
Spearman's rho	Man power Potential & size	Correlation Coefficient	1.000	.946**
		Sig. (2-tailed)	.	.000
		N	59	59
	Financial Performance	Correlation Coefficient	.946**	1.000
		Sig. (2-tailed)	.000	.
		N	59	59

**. Correlation is significant at the 0.01 level (2-tailed).

The analysis shows the relationship between Man power Potential & size and Financial Performance of the bank, out of 59 and the significant level is 0.01, the results indicate that independent variable has Positive strong correlation to dependent variable equal to .946** and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated. This means that there is a significant relationship between Man power Potential & size and Financial Performance of the bank by 94.6%

4.4 Effects of Technology Innovations on Financial performance of the Banks

This section analyzes Technology Innovations, its effects on financial performance and it shows how the two variables are related.

Table 3.7: Assessment of Technology innovations as a result of Merger in the Bank

Assessment of Technology Innovations as a result of Merger in the Bank	Response							
	Strongly Agree		Agree		Not sure		Mean	Std. Deviation
	Freq	%	Freq	%	Freq	%		
Merger has made the bank share the same website	14	23.7	41	69.5	4	6.8	4.1695	.53021
Merger has made the bank to use integrated system (ERP) in the whole the country	16	27.1	38	64.4	5	8.5	4.1864	.57159
Merger has made the bank to register all their clients on the same portal	13	22.5	42	71.2	4	6.8	4.1525	.51907
Merger has made the bank to acquire up to date technology	17	28.8	38	63.4	4	6.8	4.2203	.55918

The analysis reveals that 93% of the respondents agreed that Merger has made the bank share the same website and further indicated by strong mean of 4.1695 and homogeneity standard deviation of .53021, 91% of the respondent agreed that Merger has made the bank to use integrated system (ERP) in the whole the country in the bank as also indicated by strong mean of 4.1864 and heterogeneity standard deviation of .57159. The findings further shows that 93% of the respondents agreed that Merger has made the bank to register all their clients on the same portal as indicated by strong mean of 4.1525 and heterogeneity standard deviation of .51907 and lastly the finding shows that 93% of the respondents agreed that Merger has made the bank to acquire up to date technology and this was indicated by strong mean of 4.2881 and heterogeneity standard deviation of .58871, soon after the merger capital increased by 7% in 2011, 15% in 2012, 18% in 2013, 23% in 2014 and 28% in 2015.

Table 3.8: Effect of Technology Innovations on Financial performance of the Banks

Effects of Technology Innovations on Financial performance of the Banks	Response							
	Strongly Agree		Agree		Not sure		Mean	Std. Deviation
	Freq	%	Freq	%	Freq	%		
Technology Innovations has increased profitability	21	35.6	36	61.0	2	3.4	4.3220	.53950
Technology Innovations has increase return on investment	19	32.2	39	66.1	1	1.7	4.3051	.50015
Technology Innovations increased return on Asset	20	33.9	37	62.6	2	3.4	4.3051	.53351
Technology Innovations has increased return Equity	19	32.2	38	64.4	2	3.4	4.2881	.52689

The analysis reveals that 97% of the respondents agreed that technology has increased profitability of the bank and further indicated by strong mean of 4.3220 and heterogeneity standard deviation of .53950, 98% of the respondent agreed that technology has increase return on investment as indicated by strong mean of 4.3051 and heterogeneity standard deviation of .50015. In ascertaining whether Combine technology increased return on Asset, 97% of the respondents agreed to the statement, this was further indicated by strong mean of 4.3051 and heterogeneity standard deviation of .53351 and lastly the finding shows that 97% of the respondents agreed that technology has increased return Equity indicated by strong mean of 4.2881 and heterogeneity standard deviation of .52689

Table 4.9: Relationship between Combine Technology on performance of the Bank

			Technology Innovations	Financial Performance
Spearman's rho	Technology Innovations	Correlation Coefficient	1.000	.867**
		Sig. (2-tailed)	.	.000
		N	59	59
	Financial Performance	Correlation Coefficient	.867**	1.000
		Sig. (2-tailed)	.000	.
		N	59	59

**. Correlation is significant at the 0.01 level (2-tailed).

The analysis shows the relationship between Technology and Financial Performance of the bank, out of 59 and the significant level is 0.01, the results indicate that independent variable has positive high correlation to dependent variable equal to. 867** and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated. This means that there is a significant relationship between Technology and Financial Performance of the bank by 86.7%

3.5 Relationship between Mergers & Acquisition and financial performance of the Banks

Table 3.10: Relationship between Mergers & Acquisition and performance of the Bank

			Mergers & Acquisition	Financial Performance
Spearman's rho	Mergers & Acquisition	Correlation Coefficient	1.000	.888**
		Sig. (2-tailed)	.	.000
		N	59	59
	Financial Performance	Correlation Coefficient	. 888**	1.000
		Sig. (2-tailed)	.000	.
		N	59	59

**. Correlation is significant at the 0.01 level (2-tailed).

The analysis shows the relationship between Mergers & Acquisition and Financial Performance of the bank, out of 59 and the significant level is 0.01, the results indicate that independent variable has Positive high correlation to dependent variable equal to. 888** and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated. This means that there is a significant relationship between Mergers & Acquisition and Financial Performance of the bank by 88.8%

3.5.1 Financial Analysis

Table 3.11: Financial performance of I & M bank

Years	Investment (...000)	Return on Investment	Return on Asset	Profit Before Tax
2008	8,073,814	21%	2%	11%
2009	8,928,290	16%	2%	-20%
2010	11,978,230	19%	2%	10%
2011	12,365,571	23%	3%	15%
2012	15,459,924	38%	5%	20%
2013	18,746,659	36%	5%	10%
2014	21,614,577	30%	4%	-10%
2015	24,460,676	29%	4%	10%

Secondary data 2008 - 2015

The analysis shows that I & M bank investment has been increasing yearly but however they have been fluctuation on return on investment ranging by 21% in 2008, reduced to 16% in 2009, increased to 19% in 2010, 23% in 2011 and further 38% sharp increase in 2012 and 36% 2013. It slightly decreased to 30% and 29% in 2014 and 2015 respectively. Return on asset was at 2% from 2008 to 2010, slightly increased to 3% in 2011, 5% in 2012 and 2013, and it slightly decreased to 4% in 2014 and 2015. As far as profitability is concerned the profit increased was at 11% in 2008 and drastically dropped to -20% in 2009. It sharply increased to 10%, 15% and 20% in 201, 2011 and 2012 respectively. Profitability slightly decreased to 10% in 2013 and again sharply decreased to -10% in 2014 and increased to 10% in 2015. In general it can be concluded that I & M bank performance is not to the expectation and more needs to be done to improve on profitability of the bank.

Table 3.12: Financial performance of Access Bank

Years	Investment (...000)	Return on Investment	Return on Asset	Profit Before Tax
2008	6,017,752	11%	1%	15%
2009	5,099,411	-15%	-1%	16%
2010	5,970,811	17%	2%	35%
2011	6,652,425	17%	2%	10%
2012	7,255,000	13%	2%	-20%
2013	8,472,362	15%	3%	34%
2014	9,038,526	10%	2%	-30%
2015	10,121,884	9%	1%	1%

Secondary data 2008 - 2015

Financial statement analysis of access bank shows that investment has been increasing over the year's right from 2009 to 2015. Return on investment was at 11% in 2008 and sharply decreased to -10% in 2009. There was another sharp increase to 17% in 2010 and 2011 respectively. ROI slightly decreased to 13% in 2012 and 15% in 2013 with slight decrease to 10% and 9% in 2014 and 2015 respectively. In analyzing return on asset (ROA) in Access bank, ROA was at 1% in 2008 and deceased to -1% in 2009. It increased to 2% in 2010 up to 2014 and dropped to 1% in 2015. In analyzing profitability in of Access bank, the bank profitability was at 15% in 2009 increased to 16% in 2009 and again sharply increased to 35% in 2010 with another sharp decrease to 10% in 2011. The bank further incurred another sharp decrease to -20% in 2012 with another sharp increase to 34% in 2013 and again sharp decrease to -30% in 2014 and normalized to 1% in 2015. This implies that in spite of the bank increase on investment yearly the financial performance of the bank is not steady; there has been fluctuation in performance especially profitability hence needs more to be done in improving financial performance the bank.

Table 3.13: Financial performance of ECO BANK

Years	Investment (..000)	Return on Investment	Return on Asset	Profit Before Tax
2008	5,225,640	14%	1%	40%
2009	9,280,708	13%	2%	60%
2010	9,700,443	8%	1%	-41%
2011	9,926,348	-9%	-1%	-50%
2012	13,297,852	4%	0.4%	70%
2013	12,734,814	-5%	-1%	-40%
2014	13,191,166	7%	1%	80%
2015	13,897,646	10%	1%	40%

Secondary data 2008 - 2015

In analyzing financial performance of Eco bank it has been seen that the bank investment has been increasing yearly right from 2008 to 2015. Analysis on shows that Eco bank return on investment was at 14% in 2008, slightly decrease to 13% and 8% in 2009 and 2010 respectively. There was a sharp decrease to -9% in 2011 but slightly increased to 4% in 2012 and further decreased to -5% in 2013. In 2014 and 2015 the bank return sharply increased to 7% and 10% respectively. In analyzing Return on Asset(ROA), the bank ROA was at 1% in 2008 and increased 2% in 2009 but dropped back to1% in 2010 and further decreased to -1% in 2011. In 2012 the bank ROA slightly increased to 0.4% and dropped back to -1% in 2013 and normalized back to 1% in 2014 and 2015 respectively. In analyzing Profitability of the bank the financial statement analysis shows that profitability was at 40% in 2008 and increased to 60% in 2009 but sharply decreased to 41% and -50% in 2010 and 2011 respectively. The profitability further sharply increased 70% in 2012 and again sharply decreased to -40% in 2013. In 2014 profitability sharply increased to 80% and reduced to 40% in 2015. In conclusion it can be stated that the bank financial performance has been fluctuating throughout the 8 years, it only tried to stabilize in the last years of 2014 to 2015 which is believed to be due to merger and acquisition strategy they have put in place.

4. Summary of Findings, Conclusion and Recommendations

4.1 Effect of Financial Capital accumulation on financial performance of selected commercial banks

The analysis reveals that all the respondents agreed that merger has increased capital base in the bank, has diversified capital investment in the bank, has brought asset together and that merger has brought loan investment together. The analysis further revealed Capital accumulation has increased profitability, return on investment, return on Asset, and has increased Return on Equity of the bank. The relationship between Capital Accumulation and Financial Performance of the bank was established by interview of 59 respondents and the significant level was 0.01, the results indicate that independent variable has Positive high correlation to dependent variable equal to .852** and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated. This means that there is a significant relationship between Capital Accumulation and Financial Performance of the bank by 85.2%

4.2 Effect of Intellectual Capital on financial performance selected Commercial banks

The analysis reveals that the respondents agreed that Merger has made bank to increase the number of employees of the bank, has made the bank to recruit qualified staffs in the bank, has made the bank to train staffs effectively and merger has brought loan investment together Furthermore the analysis reveals Man power Potential & size increased profitability of the bank, return on investment, has increased organization Asset and Man power Potential & size has increased return on equity indicated. The relationship between Man power Potential & size and Financial Performance of the bank was established by interview of 59 respondents and the significant level was 0.01, the results indicate that independent variable has Positive strong correlation to dependent variable equal to. 946** and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated. This means that there is a significant relationship between Man power Potential & size and Financial Performance of the bank by 94.6%

4.3 Effect of Technology Innovation on financial performance of selected commercial banks

The analysis reveals that Merger has made the bank share the same website, has made the bank to use integrated system (ERP) in the whole the country, has made the bank to register all their clients on the same portal and Merger has made the bank to acquire up to date technology. Furthermore the analysis reveals Combine Technology increased profitability of the bank, return on investment, has increased organization Asset and Combine Technology has increased return on equity. The relationship between Combine Technology and Financial Performance of the bank was established by interview of 59 respondents and the significant level was 0.01, the results indicate that independent variable has Positive high correlation to dependent variable equal to. 867** and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated. This means that there is a significant relationship between Combine Technology and Financial Performance of the bank by 86.7%.

4.4 Conclusions

In conclusion the finding shows that mergers and acquisition strategies like Man power Potential & size, Capital accumulation and Technology contributes positively to profitability of the bank, return on investment, organization Asset and return on equity. The relationship between mergers and acquisition strategies and Financial Performance of the bank was established by interview of 59 respondents and the significant level was 0.01, the results indicate that independent variable has Positive high correlation to dependent variable equal to. 888** and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated. This means that there is a significant relationship between mergers and acquisition strategies and Financial Performance of the bank by 88.8%.

4.5 Recommendations

The researcher has observed the following recommendations in order to boast the bank performance.

1) The banks should increase on their capital structure in order to operate effectively and efficiently.
2) The banks should employ experienced and skilled personnel in relevant departments.
3) The banks should use up to date technology in order to improve efficiency and effectively.

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