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Impact of Mergers and Acquisitions on the Performance of Commercial Banks in Pakistan

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Abstract
The objective of this research study is to examine the impact of merger and acquisition on performance of banks. This study is basically a quantitative research to give an insight into the trends that has increased the merger and acquisition. An empirical investigation has been done to study the patterns of merger and acquisition in banking sector of Pakistan. Past studies focused mainly on the developed countries and there is less work done on merger and acquisition in less developed countries like Pakistan. For the purpose of data collection annual reports are used. To evaluate the effect of M&A on the profitability of banking sector of Pakistan data is collected from the KSE (Karachi stock exchange). The dependent variable is performance of bank and independent variable is merger and acquisition.
Keywords: Banks, Performance, Return on Equity, Return on Assets.

1. INTRODUCTION

Acquisition and mergers are carried out to expand business and generate efficiency in the existing business. Mostly acquisition in banking and insurance sector of Pakistan have been taken place to expand business. Some acquisition like Adamjee Insurance Co acquired by MCB Bank Ltd through hostile takeover was aimed at keep the acquired company as standalone and use it for its sister companies. But standard bank Ltd acquired Union Bank Ltd for expanding its branch network and volume of Business (Awan and Ahson, 2015).

In the developed countries firms have been intensively using Mergers and Acquisition (M & A) as a strategic tool for corporate restructuring during last three decades. Initially, this consolidation trend was limited to develop countries especially US and UK however, afterwards developing countries started to follow the same pattern. The growth of the trend can be judged from the fact that in US only the last decade of twentieth century witnessed a threefold increase in the number of Mergers and Acquisitions (M & A) whereas, a fivefold increase has been reported in terms of value (Goyal et al, 2011). The significance of the issue further increases in case of the financial sector mergers because financial sector development plays a significant role in economic growth. However, the pace of merger and acquisition was not witnessed during 2008 and 2011 because the Islamic Banks established during this period tried to promote their image and maintain their individual identity (Awan, 2009. Awan and Azhar, 2014).

The direct relationship between financial sector development and economic growth requires both factor accumulation and improvement in efficiency. In other words, the efficiency improvement is one of the two critical factors of economic growth. The centrality of financial sector to the development of the economy and public well-being compels the antitrust authorities, regulators, researchers, and practitioners to develop an in depth understanding of causes and potential consequences of financial sector merger activity. As compared to other aspects of mergers, efficiency gained more attention due to its significance (Awan and Akhtar,2015).

The merger can enhance efficiency in many ways. For instance, economies of scale resulting from consolidation is one source of efficiency enhancement, synergy is another reason for post-merger efficiency improvement and change in input output mix after merger may also result in increase in efficiency. The role of financial sector in any country is very important for its economic growth, GDP, DFI, import & export and mobilization of savings. Financial sector of Pakistanis divided into four categories such as commercial banks, development finance institutions (DFI) and micro finance Banks (MFB) and non-banking financial institutions (venture capital, leasing companies, mutual funds, stock exchange, insurance companies, discount houses and investment banks) etc. Commercial banks, FDI and MFB legislative structure and supervisory responsibilities of the SBP (state bank of Pakistan) and non-banking financial institutions followed the rules and regulations stated by SECP (security exchange commission of Pakistan) and control of insurance (Awan & Saeed, 2015)..

2. LITERATURE REVIEW

2.1 Merger and Acquisition:

Mergers and acquisitions are worldwide business practices that are exercised by the businessmen for accomplishing their business enlargement and endurance. Mergers and acquisitions were used as strategic tools from last two to three decades; various organizations used merger and acquisition for enhancing their efficiency and effectiveness extensively. In fact developed countries are showing more cases of merger and acquisition such as U.K and USA as compared to developing countries. It is indicated that in U.K the value of mergers transactions was 2532 million pounds in 1972 but later 1995 it increased up to 32600 million pounds that is showing tremendous increased in mergers transactions (Charnes, 1978). Now developing countries organizations are also using this strategic tool to increase their abilities.

Awan (2014) analyzed the acquisitions and mergers in the context of world financial crisis which provided strong companies having surplus funds to acquire weak or failed companies at nominal prices and in this way financial seems to be an opportunity of successful entrepreneurs to expand their business and bad luck for failed entrepreneurs.

Awan and Malghani (2015) explored the causes of loan defaults and resultantly failure of banking companies in Pakistan. They disclosed that most of financial institutions were bankrupted either because of willful default or corrupt practices of bankers who lent huge loans without taking into account default risk. They contended that political interference was the another cause of loans defaults.

Awan & Siddique (2014) argue that wild fluctuations in the stock Market have caused the failure of many investment Banks in Pakistan. They pointed out that 1990s was the period when dozens of investment banks including Orix Investment Bank, Crescent Investment Bank, Trust Investment Bank, Al-Towfeeq Investment Bank, Asset Investment Banks were formed and they generated huge funds through public offerings when stock market was in book. They also invested their funds in different scripts on long-term basis when their prices were very high. But later on, when the stock market was crashed the value of their investment was washed away and continuous slump in the market caused bankruptcy of these investment banks. Awan & Saeed (2015) disclosed that organizational conflict also affect its performance and if it continues it will lead it to bankruptcy. They suggested that organizational conflict should be managed through developing conflict resolution mechanism.

Afza (2012) described that merger is a combination of two corporations and makes a big one corporation. There is a negotiation process begin between two companies prior to going to the merging contract. After the negotiations both parties agreed on the specific type of merger and make a contract. It is an action in which both parties are deliberate and stocks are exchanged through cash compensation to the merged company. Stock swap or cash compensation to the target or merged company means it allow the stockholder to share their risk if any involved during business.

Byard et.al (2007), says that well managed company of merger will integrate effectively and recover within 100 days. They stated that higher acquisition intensity required short time to search and impose for an effective action before targeting are going to involve in next acquisition. This study shows that the sequence of acquisition mean combined number of acquisition in a given year, while intensity of acquisition reflects the specific number of acquisition in a particular year.

Dymski and Gary (2002) asserted that mergers are helpful for efficiency determined but its efficiency driven feature is unique and not equally valid in all countries (cultures) banking industry, it means its results vary in different countries, cultures and industries. It is also concluded that in developing countries mergers are not profit efficiency driven. It is scrutinize that mergers and Acquisitions in banking sectors provide superior results in cost cutting but in case of performance efficiency it specify ordinary outcome. Additionally, there is no effect of banks size and banks pre-efficiency on the profitability of banks after merger.

Resti (1998) argued the effects of acquisition and merger on performance. He concluded that after merger the company's efficiency increases because now they are going to be in extensive format of operation due to large size their effectuality also increased. Efficiency of any organization can be improved only when the partners of merger have no efficiency in cost but it also depends upon management of both the organizations. It was also analyzed that small size organizations took benefit of mergers and acquisitions. In comparison with large size institutions which are not performing as well after merger and acquisition.

Khan, (2011) discuused that a research has been conducted on M&A in Europe in 1990, it use different ratios analysis on their sample and proved that there is little enhancement in banks profitability and performance not only domestic as well as cross border. Another study conducted by Resti, (1998) on NSE (New York stock exchange) listed companies and results showed that merger and Acquisition has significant impact on profitability. Ochieng (2006) also presented an alarming outcome of merger and acquisitions of CBA merged FABK, it demonstrates there was a pessimistic relationship with return and cost efficiency. A research on impact of mergers and acquisitions was conducted on non-listed banks in Kenya for analyzing the performance different ratios analysis proved that mergers and acquisitions have positive impact on performance and profitability in non-listed banks.

Marris, (1963) asserted that merger stimulates performance because new established firm will have a larger market power and other qualitative and quantitative factors. After merger many merged organizations product price fluctuated positively. Acquiring corporation's operations performance flourishes due to the impact of mergers and acquisitions. It also has been viewed that merger and acquisition have positive impact on the profitability of the organizations. A lot of researches proved that merger and acquisitions in all over the world especially in banks enhance the cost efficiency due to which profit also fluctuates positively. It is said that these changes are viable for the society and economy of a country or the world.

Lo et al, (2006) examined that there is a positive connection among M&A and cost saving. Banks also have considerable expansion in their turnover at post-mergers and acquisitions. Mergers and acquisitions have impact positively on banks profitability because post-mergers and acquisitions firms' capacity of production and resources increased which increased its ability to attract loans, management power and skills, and business progress through skilled employees and total assets. It is analyzed that mergers and acquisitions take place with the aim of business expansion and optimizing the stockholder wealth.

3. METHODOLOGY

Research methodology describes the specific techniques for conducting research step by step. It is based on secondary data that is collected form annual reports of banks. These banks are listed on Karachi Stock exchange. The sample size of the data is merger and acquisition of seven banks listed on Karachi stock exchange of Pakistan. The analysis is restricted to period of five years (2002-2011). Only those banks have been selected whose data was available for all these years. The appropriate sampling technique has been used as the data of as much banks were easily available that included in the sample.

This study is basically a quantitative research to give an insight into the trends that has increased the merger and acquisition. An empirical investigation has been done to study the patterns of merger and acquisition in banking sector of Pakistan. The technique of sampling used in this study was non-probability convenience sampling method because it was a feasible alternative, due to the limitation of time, costs, and conveniences.

3.1 Sample

Population consists of all merger and acquisitions have been made during the period of 2002 to 2011 in the banking sector of Pakistan. We have selected the following banks:

1. KASB Bank Limited
2. Askari Bank Limited
3. Allied Bank Limited
4. Standard Chartered Bank Ltd.
5. Faysal Bank Limited
6. NIB Bank Limited
7. Summit Bank Limited

Table 1 List of Banks' mergers and acquisitions in Pakistan 2002 - 2011

Before M&A	After M&A	Years
Al-Faysal Investment Bank	Faysal Bank Limited	10/1/2002
Crescent Investment Bank Limited	Mashreq Bank Pakistan	9/7/2003
Trust Commercial Bank Limited	Crescent Commercial Bank	18/10/2004
Trust Investment Bank Limited	Trust Commercial Bank	30/04/2004
Fidelity Investment Bank Limited	Trust Commercial Bank	30/04/2004
Union Bank Limited	Standard Chartered Bank Ltd.	29/12/2006
First Allied Bank Mudaraba	Allied Bank Limited	25/08/2006
Atlas Investment Bank Limited	Atlas Bank Limited	26/07/2006
Crescent Standard Investment Bank Ltd.	Innovative Housing Finance ltd	20/07/2007
Pakistan Industrial Credit & Investment Corporation Limited	NIB Bank Limited	1/1/2008
PICIC Commercial Bank Limited	NIB Bank Limited	1/1/2008
Network Leasing	KASB Bank Limited	17/02/2009
Askari Leasing Corporation	Askari Bank Limited	10/3/2010
Al-Zamin Leasing Mudaraba	Invest Capital Investment Bank Limited	11/1/2010
MyBank Limited	Summit Bank Limited	6/7/2011
Atlas Bank Limited	Summit Bank Limited	11/1/2011
Royal Bank of Scotland Ltd.	Fayal Bank Ltd	3/1/2011
Orix Investment Bank Ltd	Orix Leasing Corporation	04.12.2011
Al-Zamin Leasing Corporation Limited	Invest Capital Investment Bank Limited	11/1/2010

Source: competition commission of Pakistan and KSE Database

Sample of seven banks has taken from the above population to analyze the effect of M&A on performance. This short sample is selected due to cost, time, and convenient constraints. While in this study sample size is minute as compared to others investigations which were conducted on this topic in different European and other countries such as USA, UK, and Nigeria etc. But this sample size is not too small for Pakistani banking sector because total M&A cases in Pakistani banking sector is also not large as other countries.

3.2 Data and Types
In this study we used secondary data collected from the database of Competition Commission of Pakistan, Securities and Exchange Commission of Pakistan and Karachi Stock Exchange and annual reports of selected banks.

3.3 Conceptual Model
This model is developed to explain the impact of M&A on banks profitability in Pakistan banking sector. Four independent variables with their measures have been shown to check the impact of M&A on banks profitability.

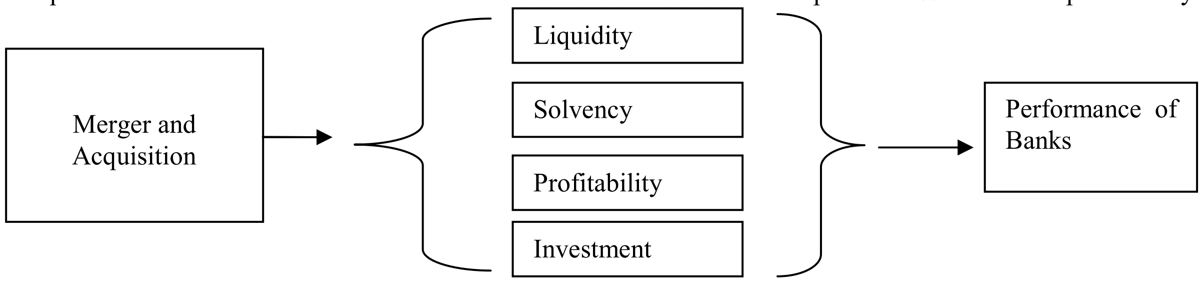

Figure 1 Conceptual Model of Mergers and Acquisition

4. RESULTS AND DISCUSSIONS
We used data analysis techniques to measure change in financial indicators of selected banks. We have shown our results in the table and also explain these results in order to highlight the importance of our study.

Table 2 Liquidity Ratio Analysis

Bank Name		**Liquidity Ratios**		
	Allied Bank	**DTA**	**ADR**	**CTA**
Pre	2004	76.26	55.34	7.43
	2005	80.07	74.26	8.95
Post	2007	82.46	67.63	9.50
	2008	84.12	75.18	9.62
	Faysal Bank Ltd			
Pre	2009	68.29	76.68	4.94
	2010	73.06	77.11	7.91
Post	2011	73.36	77.42	8.66
	2012	76.89	79.29	8.81
	KASB Bank Ltd			
Pre	2007	67.74	75.88	3.02
	2008	71.82	76.07	5.06
Post	2009	79.36	77.74	6.17
	2010	81.03	100.22	7.34
	Standard Chartered Bank Ltd			
Pre	2004	69.33	67.31	7.83
	2005	65.96	60.03	8.11
Post	2007	74.91	73.98	10.93
	2008	80.85	78.90	9.07
	Summit Bank Ltd			
Pre	2009	82.01	76.26	6.02
	2010	85.28	72.28	6.13
Post	2011	75.18	67.31	6.33
	2012	72.09	67.08	6.94
	NIB Bank Ltd			
Pre	2006	65.84	104.32	9.24
	2007	66.08	93.05	6.63
Post	2008	58.46	79.36	6.01
	2009	45.13	72.02	5.93
	Askari Bank Ltd			
Pre	2008	75.18	67.31	6.94
	2009	72.08	72.28	6.13
Post	2011	82.01	76.26	6.33
	2012	85.28	78.22	8.72

It is resulted on the basis of "Deposit to total asset" that merger and acquisition has a positive impact on the performance of the banks. The banks such as ABL, FBL, KBL, SCBL and ASBL deposits increased more in the post-merger and acquisition periods as compared to pre-merger and acquisition periods in the ratio of assets while the banks such as SBL and NIB took negative impact in the post-merger and acquisition periods as compared to pre-merger and acquisition periods means deposits of these banks decreased in the post-merger and acquisition periods.

It is also found on the basis of "Advances to Deposits Ratios" that merger and acquisition has also positive impact on the performance of the banks. According to this ratio five banks named as ABL, FBL, ASBL, KBL and SCBL advances in the ratio of deposits increased in the post-merger and acquisition periods as against pre-merger and acquisition periods while the banks such as NIB, SBL advances to customers decreased in the post-merger and acquisition periods as opponent of pre-merger and acquisition periods. It is also concluded in this study after the calculations on the basis of "Cash to Total Assets Ratios" that banks performance positively influenced by the M&A activities. In the end it is concluded that liquidity ratios of banks improved due to merger and acquisition activities in the financial sector of Pakistan.

Table 3 Analysis of Profitability

Bank Name		**Profitability Ratios**		
	Allied Bank Ltd	**ROA %**	**ROE %**	**NPM %**
Pre	2004	0.14	08	4.31
	2005	1.21	21	31.26
Post	2007	1.42	24	36.71
	2008	1.78	28	39.27
Faysal Bank Ltd				
Pre	2009	0.47	7.79	4.94
	2010	0.46	7.43	4.44
Post	2011	0.53	8.51	6.04
	2012	0.75	11.28	7.24
KASB Bank Ltd				
Pre	2007	0.01	6.20	6.77
	2008	2.10	7.52	5.89
Post	2009	4.69	8.64	6.85
	2010	7.41	10.20	6.93
Standard Chartered Bank Ltd				
Pre	2004	0.23	6.64	12.39
	2005	2.80	6.42	15.23
Post	2007	2.84	6.85	25
	2008	3.90	7.02	48
Summit Bank Ltd				
Pre	2009	5.41	50.23	58.82
	2010	5.20	53.54	22.68
Post	2011	2.03	48.20	-12.47
	2012	1.01	26	-26.23
NIB Bank Ltd				
Pre	2006	4.18	22	11.56
	2007	0.33	26	-12.66
Post	2008	0.25	21	-42.18
	2009	0.20	17	-169.81
Askari Bank Ltd				
Pre	2008	0.20	3.06	2.10
	2009	0.36	6.70	3.87
Post	2011	0.48	7.85	4.91
	2012	0.49	9.64	4.97

After the calculation of different profitability ratios of banks in the pre-merger and acquisition era and post-merger and acquisition periods the researchers found on the basis of "Return on Assets (ROA) Ratio" that there is positive impact of merger and acquisition on the banks performance. On the basis of ROA banks named as ABL, FBL, KBL, ASBL and SCBL return on asset increased in the post-merger and acquisition periods as compared to pre-merger and acquisition periods while the banks such as SBL and NIB have negative impact. ROA of mostly banks increased in the post-merger and acquisition periods.

On the calculation of second ratio named as "Return on Equity (ROE) Ratio" the researcher concluded that there is high positive relationship between merger and acquisition and banks performance. Higher the

Return on Equity generally gives favorable meanings. ROE of five banks named as ABL, FBL, KBL, SCBL, ASBL increased in the post M&A periods as compared to pre-merger and acquisition periods while ROE of two banks named as NIB and SBL decreased in the post-merger and acquisition periods.

After the calculation of final ratio of profitability such as "Net Profit Margin (NPM) Ratio" the study found that there is positive relationship between merger and acquisition activities and Bank performance. It is also found that NPM of just two banks named as SBL and NIB decreased in the post-merger and acquisition periods in comparison of pre-merger and acquisition periods. In the final it is said by the researcher that out of three profitability ratios all ratios have positive impact of merger and acquisition on the mostly bank performance.

Table 4 Ratios Analysis of Investment

Bank Name		**Investment Ratios**	
	Allied Bank Ltd	**ROI %**	**EPS**
Pre	2004	0.33	0.43
	2005	4.84	4.78
Post	2007	4.91	6.31
	2008	6.83	6.43
Faysal Bank Ltd			
Pre	2009	0.96	1.46
	2010	2.30	1.45
Post	2011	2.09	1.53
	2012	2.58	1.55
KASB Bank Ltd			
Pre	2007	0.10	0.79
	2008	10.29	2.43
Post	2009	20.76	2.85
	2010	27.94	4.23
Standard Chartered Bank Ltd			
Pre	2004	2.05	0.16
	2005	6.80	0.62
Post	2007	16	0.71
	2008	18.85	1.01
Summit Bank Limited			
Pre	2009	16.90	5.58
	2010	14.14	4.43
Post	2011	3.21	-2.54
	2012	5.35	-1.17
NIB Bank Limited			
Pre	2006	1.91	0.21
	2007	1.15	0.17
Post	2008	-0.86	-0.44
	2009	-1.45	-1.17
Askari Bank Limited			
Pre	2008	0.86	0.95
	2009	1.08	1.45
Post	2011	1.22	2.18
	2012	1.65	2.30

Two investment ratios have been used by the researcher to find the results of merger and acquisition. First ratio named as "Return on Investment (ROI) Ratio" is used to find the impact of merger and acquisition activities and concluded that there is positive relationship between merger and acquisition activities and banks performance. It is found that ROI in five banks named as ABL, KBL, SCBL, FBL and ASBL increased in the post-merger and acquisition periods while the ROI of the banks such as NIB and SBL decreased in the post-merger and acquisition periods as compared to pre-merger and acquisition periods. Second investment ratio named as EPS has been calculated to find the impact of merger and acquisition activities and inferred that there is positive impact of merger and acquisition on the banks performance. It is found that EPS of five banks such as ABL, FBL, SCBL, KBL and ASBL increased in the post-merger and acquisition periods while EPS of Banks named as SBL and NIB decreased in the post-merger and acquisition periods as compared to pre-merger and acquisition periods. In end of this table it is found that investment ratios impact remained positive.

Table 5 Ratios Analysis of Solvency

Bank Name		Solvency Ratios		
	Allied Bank	**D/E**	**IC**	**DR**
Pre	2004	16.31	0.34	0.94
	2005	16.55	0.88	0.93
Post	2007	15.31	1.09	0.93
	2008	13.79	2.92	0.92
Faysal Bank Ltd				
Pre	2009	15.60	1.35	0.95
	2010	15.36	1.39	0.93
Post	2011	15.10	1.48	0.92
	2012	14.76	1.97	0.91
KASB Bank Ltd				
Pre	2007	28.79	1.50	0.96
	2008	13.35	1.45	0.91
Post	2009	12.74	1.63	0.90
	2010	11.28	1.87	0.88
Standard Chartered Bank Ltd				
Pre	2004	6.10	1.96	0.92
	2005	5.08	3.40	0.92
Post	2007	5.04	8.43	0.84
	2008	4.90	9.52	0.82
Summit Bank Ltd				
Pre	2009	6.82	2.38	0.89
	2010	9.50	1.18	0.95
Post	2011	10.54	1.08	0.95
	2012	12.18	0.09	0.98
NIB Bank Ltd				
Pre	2006	4	1.16	0.80
	2007	4.80	1.05	0.78
Post	2008	6.20	0.64	0.81
	2009	9.61	0.46	0.81
Askari Bank Ltd				
Pre	2008	47.60	1.22	0.95
	2009	47.19	1.46	0.94
Post	2011	46.11	1.63	0.94
	2012	41	1.78	0.91

On the basis of “D/E (Debt to Equity) Ratio” the researcher inferred that there is positive impact of merger and acquisition on the performance of the bank. It means due to merger and acquisition activities the debts of the banks decreased. Therefore found that D/E ratio decreased in the period of post-merger and acquisition while it has increased in the period of pre-merger and acquisition. Interest coverage means at how much level your business earnings meet the interest expense of the business. It is concluded that there is positive relationship between merger and acquisition activities and banks performance on the basis of interest coverage ratio. IC of five Banks named as ABL, FBL, KBL, SCBL and ASBL increased in the post war period and vice versa in two other banks named as SBL and NIB in the post M&A periods as compared to pre-merger and acquisition periods. The third ratio which is calculated is “DR (Debt Ratio)” and found that there is positive relationship between merger and acquisition and banks performance. It is also found that DR in five banks decreased in the post-merger period while DR increased in two banks named as SBL and NIB. At the end it is concluded comprehensively that there is positive relationship between merger and acquisition and bank performance on the basis of solvency ratios.

5. CONCLUSION

Actually mergers and acquisitions deals occur so that synergy can be created. Synergy/Team work brings efficiency and effectiveness in the operations of the firm. As mergers and acquisitions deals took place the business moves toward expansion and its resources also increase. Due to mergers and acquisitions new management try to work confidently so that they can prove that mergers and acquisitions deals influenced the firm performance positively. Sometimes the management of the acquiring firms becomes overconfident on the mergers and acquisitions deals due to which they cannot compete the market as well. This study concluded that the firm performance can take the influence of mergers and acquisitions deals as well. As for as this study analysis is concerned out of four measurement ratios all ratios remained positive solvency, liquidity, profitability and investment showed positive impact of mergers and acquisitions on firm performance. This study used ratios of two years earlier and two years after mergers and acquisitions deals and found overall positive impact but these results are of short time period. It is analyzed that mergers and acquisitions have impact on firm performance in the short time period and it is also possible this deal has impact on the firm performance in the long run. Sometimes organizations indulge in the mergers and acquisitions activities get competitive edge which proves benefitted for the organizations. It is also concluded that due to expansion in the business activities the organizations per unit cost go to decline.

6. RECOMMENDATIONS

It is generally assumed that, through M&A, banks manage to better utilize their total human and operational resources, aimed at maintaining and expanding their market share, efficiently promoting new products, achieving better customer service, improving their staff operations and achieving capital reformation. Banks can also easier utilize new information technology which favors and make restructuring, integration and networking necessary within an international environment. By growing their size, banks can benefit from utilizing synergies that are necessary to develop within modern institutions. The transfer of duties to external parties is already a fact and is further motivated by the practice of making production cost more elastic. As a result, low skilled duties such as cash and teller are characterized by short term employment contracts, low wages, and naturally regular staff turnover. The study revealed that there was reduction in employment in the banking industry before the banking consolidation exercise. There was appreciable increase in employment from 2002 to 2011. It is suggested that managers of the firms should be motivated to take decisions. Corporations may portray themselves as responsible firms it will lead to improve the overall financial performance of the Pakistan's corporations. Government should play its role to motivate the corporations to merge and acquire for the benefits of the economy where they operate their businesses and earn profits.

7. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The focus of this study is only service sector of Pakistan specifically banking sector. Further research can be in other sectors like telecom, automobiles etc. Geographical limitation limits this research in the areas of Pakistan. There is more need to go to national and international level. Furthermore study is cross sectional in nature and is taken on a given point in time if time series analysis is also performed then reliability of study would be further enhanced. The research was limited to the variables of merger, acquisition, and profitability of banks. Conceptual framework can be changed by taking other variables. This study is quantitative and has some limitations as data obtained from the convenience sample and literature reviews has been generalized for consumption patterns of all Pakistani banks. Further research is recommended to multiply the number of samples and use the data the most recent annual report to describe the condition of the most recent. Future studies are expected to conduct research in all industry sectors, not just banks only for the results obtained to represent banking sector listed in Karachi Stock Exchange (KSE). Future studies should use data with a longer period to obtain a more valid measurement results. Future studies are expected to connect merger and acquisition to the value of the company.

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