Viability of Acquisition as a Panacea for Banks' Dwindling Profits in Nigeria

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Abstract: No literature directly reports on the effect of acquisition on the performance of firms in the Nigerian banking sector. All the studies consider mergers and acquisitions in tandem, and none in isolation. This research bridges this gap and studies the effect of acquisition on banks' profitability. This study aimed to examine the feasibility or inexpediency of acquiring banking firms instead of mergers in the Nigerian banking industry as a growth strategy. The sources of data were from the various financial statements of sample banks obtained via the Internet from the Annual Reports of the Central Bank of Nigeria. The collected data analysis used graphical line charts of statistical correlation and t-tests to compare and analyze the necessary banks' data relative to their performance and to test this study's hypotheses. Correlation analysis results show that acquisitions have no significant effect on bank profitability in Nigeria, with a minor impact of increased shareholders' funds after acquiring on the performance of banking firms in Nigeria. The authors hope to contribute to the informed acumen and knowledge base of businessmen, related businesses, financial consultants, and the literature and serve as a good base for further research.

Keywords: acquisition, merger, banks, performance, profitability.

收購作為尼日利亞銀行利潤下降的靈丹妙藥的可行性

摘要：沒有文獻直接通報收購對奈及利亞銀行業公司業績的影響。所有研究都同時考慮併購，而不是孤立地考慮。本研究彌補了這一差距，並研究了收購對銀行獲利能力的影響。本研究旨在探討尼日利亞銀行業以收購銀行公司而非合併為成長策略的可行性或不適宜性。資料來源是透過網路從奈及利亞中央銀行年報中取得的樣本銀行的各類財務報表。收集的數據分析使用統計相關性的折線圖和t檢定來比較和分析必要的銀行數據與其績效的關係，並檢驗本研究的假設。相關性分析結果表明，收購對尼日利亞銀行獲利能力沒有顯著影響，收購後股東資金增加對尼日利亞銀行公司業績影響較小。作者希望為商人、相關企業、財務顧問

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和文獻的知情智慧和知識庫做出貢獻，並為進一步研究奠定良好的基礎。

关键词：收購、合併、銀行、業績、獲利能力。

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1. Introduction

For over a decade, Nigeria's economy has ranked among those expected to emerge as developed. Given this, 2020 was the target year for its emergence. Negating forces overweighed policies made and efforts tailored towards achieving the feat. It is saddening that the banking sector, on which much hope rested to lead the nation's economic emergence, is wallowing in a quagmire. In a swift bid to protect the banking sector, the institutions should increase capitalization to 25 billion naira in 2004. Unfortunately, recapitalization could not sustain banks in the long run. Historically, the industry experienced several reforms and has not come to its senses. Therefore, scholars wonder how soon bank directors will adopt evidence-based and better-performing innovative ideologies. The inflation rate keeps rising, yet interest rates on borrowed funds have not plummeted to single digits despite Nigerians' globally asserted level of education and financial exposure.

Moreover, banks in Nigeria have gone through some fundamental reforms that one would expect them to perform optimally in the steady growth of the nation's finance sector because they should play a pivotal role in the finance-led growth projection of economic growth experts. Not only do they mobilize funds for onward lending in aid of industrial cum economic growth, but they also serve as growth and development consultants to both state and corporate governors that co-exist in the economy. Not minding this crucial economic role assigned to them, they still fail during their growth; hence, we need to unravel all the mysteries that lead to these failures. It seems necessary to find out whether sustainable growth through reinvestment of profits is more favorable to their continued existence than merging with existing but weak banking institutions. Hence, this study aimed to determine how acquisitions contribute to financial performance in Nigeria's commercial banking industry. In conducting the study, we ought to answer a critical question about banks that acquired other banks ever increased in financial performance, in what form, and to what extent. Hence, the null hypothesis of this study is that acquisition does not influence profits in Nigeria's banking industry.

One should remember that the banking sector reforms of 2004/2005 came into being in Nigeria to enhance the resilience of banks recommended globally by the Group of 30 to prevent the collapse of the sector ever before the Basel Committee's recommendations. Western finance experts foresaw the possibility of a potential global financial crisis and therefore summed up financial experts to brainstorm and propose solutions that could forestall the global collapse of the financial system. Conventional banks' combination within the Nigerian financial sub-sector came to an operative end in 2005, bringing the number of banks to 26 moderately large banks from 89. The reform led to 13 merger groups. Champions of the combination were the seven banks that acquired some other banks.

1.1. Acquisition

In line with the definition of acquisition by [24], in the banking sector, the acquisition could merely imply the realization of effective control over a bank's assets management by any other bank, even without combining businesses. Hence, the acquiring and target banks could remain separate legal entities but be united in control management. The acquisition may not entail complete legal control; therefore, a bank could exercise effective control over another by owing merely 25% of its voting rights. Apart from the fact that acquisition hastens profitability and corporate growth, some of its other benefits are that it optimizes the gains of economies of scale in productivity accruable to the bolstered entity and eradicates the severe competition that hitherto existed between the combined firms. In the economic sector, where firms merge, there is an increase in value through acquisition.

That is:

$$V_{PQ} > (V_P + V_Q)$$

where:

V_P is the worth of firm P,

V_Q is the worth of firm Q,

V_{PQ} is the combined market worth of firms P and Q.

The equation states that synergized combined operations of firms P and Q (V_{PQ}) are more than the mere summation of the worth of the two firms when they operate independently.

The economic advantage (EA) is:

$$EA = V_{PQ} - (V_P + V_Q)$$

The net economic advantage (NEA) is:

$$NEA = [V_{PQ} - (V_P + V_Q)] - (Cash\ paid - V_Q)$$

[24] clarifies that derivable benefits via synergy transcend what combined firms could offer in terms of profitability as separate entities. Profitability is, therefore, a mere accounting metric used to analyze corporations' financial success. It is the metric used to

determine the scope of firms' profit relative to their business size, even though it measures corporate efficiency and ultimate corporate performance. A firm can produce returns on investments based on its resources compared with forgone alternatives.

However, profitability is central to firms' growth. It can serve as an instrument to maximize the market value of firms and their owners' wealth [22]. Thus, profitability entails the efficient use of humans, material, and liquid resources. Since these banks are in business to make and maximize profits, they boost profits via increasing sales, putting into functional practice the theory of marginal returns, which states that each additional investment (or one addition to workers) increases the use of capital in an efficient way up to a particular limit beyond which any further investment in production factors leads to a diminishing rate of profitability.

Nevertheless, the theory of production establishes that firms make investment choices that offer the best returns. Hence, in a free market economy, market forces of demand and supply aid value and distribution. In line with this theory, while restructuring firms, perceived derivable values in synergy with potential target firms mainly drive mergers and acquisitions. As evidenced in previous studies, neoclassical economists' perspective shows a positive correlation between mergers and acquisitions and the rate at which firms grow. The above implies that mergers and acquisitions aid the efficient allocation of corporate assets to more productive uses. Tobin's Q theory of integration explains the rationale behind the insatiable quest for growth. Given this theory, Q represents the equating ratio of a growing firm. It denotes the share capital or the replacement cost of physical assets. When Q is more than 1, investments should increase, which shows that the marginal rate of increase in profits is higher than that of the cost of invested assets and vice versa. Therefore, investments should continue till Q = 1 as the ideal state. With this theory, acquisition, and capital expenditure can enhance investment. Firms with a high Tobin Q rate could acquire more because they possess more brilliant growth-inclined managerial etiquette to transfer to the acquired firm. Based on Tobin's Q theory, one would anticipate more acquisitions in the Nigerian banking sub-sector, given that banks with better performance have the flair to acquire more.

1.2. Hypothetical Perspective

The Hubris hypothesis believes that although combination could solve agency problems, acquirers are sometimes over-optimistic in assessing target firms. Overconfidence in their managerial prowess often leads to unnecessarily high bid premiums on target firms. This opinion may be appropriate in explaining some reasons for delaying corporate success after acquisitions. This hypothesis explains why they place bids even when the valuation is higher than the current market price. When afflicted with arrogance, bidding enterprises frequently overpay for their targets. Hence, we should consider amalgamations in the context of hubris.

1.3. Study Objectives

This study aimed to examine if a causative connection exists between acquisition and performance in the Nigerian banking sector. In addition, the set sub-objectives of the study include finding out if acquisition yields have any short-run influence on the performance of commercial banks in Nigeria and if acquisition has any long-run effect on the performance of these banks. The two null hypotheses of the study are 1) there is no association between acquisition and profitability, and 2) there is no correlation between acquisition and efficiency.

1.4. Statement of the Problem

The literature unveils almost no report on the impact of the acquisition on firms that acquired in the Nigerian banking sector. All the studies are conducted on mergers and acquisitions but not on the latter separately. This study fills this gap. It studies the acquisition effect on banks' performance. There is a need to determine whether it positively affects the profitability and efficiency of Nigerian banks. The study becomes necessary to inform policymakers in the industry of the right decisions to take in their aspiration of increased growth of banking firms in Nigeria.

2. Literature Review

The literature review reveals that several studies believe that amalgamation aids efficient management of banks' resources, while others exhibit reservations here. Some studies reviewed support the need to merge or acquire local industries. Nevertheless, some studies still find a negative correlation between amalgamation and banks' performance. An example of this is [2], which examined for 11 years the pre- and post-amalgamation performance of banks in Pakistan. This study shows that efficiency was satisfactory before amalgamation and concludes that amalgamation could not improve financial performance. Similar to this is [4]. The duo examines the impact of amalgamation on banks' efficiency and growth in the post-consolidated era in Nigeria. A total of ten randomly selected banks' data were analyzed using critical financial ratios. The study concludes that amalgamations do not constitute a panacea to financial distress in banks, especially when regulations are imposed rather than business-driven. The study reveals that while amalgamation could engender growth, operating efficiency fails in the short run. It concludes that amalgamation could only provide a temporary solution to financial grief but cannot solve inherent incompetence.

[13] examined owners' value changes in response to financial intermediaries' amalgamation in short- and

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long-run event windows. This study also examines performance ratios in comparing pre- and post-amalgamation. Findings are that these local consolidated intermediaries enhance efficiency and increase owners' value in the short run, while cross-border amalgamations among banks create value for bidders in the long run, even though they are very costly and highly risky. Nevertheless, [14] scrutinizes amalgamations in the Indian banking sector to appreciate the resultant synergies and the long-term effects of the mergers. This study uses financial ratios and compares the pre- and post-amalgamation financial performance of the merged banks. Findings indicate that amalgamation has been considerably successful in the Indian banking sector. However, the study advises that state and corporate governors should not encourage amalgamation between strong and distressed banks. In addition, [28] examined the effect of amalgamation on the physical, financial, and share price performances of conventional banks in India. This study selected six traditional banks that amalgamated between 2004 and 2008. Three of these are cross-amalgamations of public and private sector banks. The remaining three are amalgamations within private-sector banks. The t-test was used for analyses and for testing the hypotheses. The study submits that although amalgamation could be helpful to expand operational scope, mergers cannot solve the overall bank growth and financial illnesses.

Moreover, the above submissions do not degrade the need for banking firms to consolidate whenever necessary. As previously stated, there are several proponents of bank consolation. Among them are [8] and [15]. [15] studied the influence of amalgamation on shareholder values and profitability. Based on primary data, this study examines 14 banks that consolidated between 2000 and 2014. The study found that amalgamation raised shareholders' values of consolidated banks in Kenya. [8] studied the impact of amalgamation on shareholder value in Kenya's conventional 36 banks consolidated from 2002 to 2013. This paper presents a comparative analysis of the effect of pre-amalgamation and post-amalgamation on shareholders' wealth of selected banks. The study sample comprises six banking institutions consolidated in 2013, using chi-square analysis on secondary data. It compares if there is a significant difference accruing to efficiency in terms of return on assets, return on equity, and earnings per share. The study concludes that after amalgamation, the returns on assets, earnings per share, and returns on equity improve. It recommends amalgamation to increase efficiency.

[3] examined the effect of amalgamation on shareholders' values and the implication of amalgamation on efficiency. This study uses a population sample of 14 banks that consolidated from 2000 to 2017 and finds that the coefficient of

correlation indicates that amalgamation raises shareholders' value in Kenya. It concludes that most banks merge or acquire to increase efficiency. [26] measured the impact of Malaysian involuntary amalgamation on efficiency. The study found that the amalgamation of domestic banks improves their performance, efficiency, and value creation and engenders economies of scale. Secondary data were obtained from 9 domestic banks from 2005 to 2009 and analyzed using the data envelopment analysis method. [10] examined the effect of capital accumulation, workforce potential, size, and combined technology on the performance of selected conventional banks in Rwanda. This study uses a descriptive design based on qualitative and quantitative approaches to obtain rich analysis on a sample of 59 banks. It finds that combination strategies contribute positively and significantly to the efficiency of banks. [17] examined various reasons for amalgamation in India's banking sector and compared the financial performance of pre- and post-amalgamation using accounting and financial ratios. Analyses used the t-test. This study indicates that amalgamation positively impacted banks. [1] examined the impact of amalgamation on the payment of acquiring firms' directors, using large datasets on combined firms' directors' compensation, consisting of samples from UK conventional banks, private equity institutions, insurance corporations, and specified finance firms covering 13 years. The multivariate regression analyses show that acquisitions significantly positively influence directors' payments.

Despite all the above, some more specific studies delve into more details regarding the areas in which amalgamation mostly favors the parties concerned. For instance, [7] investigated the stock market reactions to bank amalgamation in Brazil when the market is heated, banks' amalgamation, and its effects. The study finds positive abnormal returns in favor of acquiring banks but none for the acquired banks. [6] examined the impact of bank mergers on the financial performance of Nigerian banks, collecting data for the analysis from the audited financial reports of the selected institutions for 2000-2010 and performing longitudinal and time series analyses. The results indicate that amalgamation could significantly affect the performance of banks in Nigeria. [18] provided an empirical examination of the impact of business amalgamation on Ghanaian banks' financial performance, analyzing their annual reports from the pre-amalgamation to the post-amalgamation period and conducting ratio and regression tests to examine the impact on the efficiency of the banks. The study reveals that amalgamation led to over 80% growth after acquisition. The increase in efficiency continued in subsequent years, though at a decreasing rate. The study concludes that amalgamation positively and

significantly affects banks' financial performance.

3. Methodology

The study utilized secondary sources of collecting data. Quantitative data collection used the financial statements of the sample banks, including a survey sample of six banks acquired in the wake of Nigeria's bank reform of 2004/2005, three of which failed. We randomly selected the above six banks from two separate collections of failed and successful banks acquired in this period. The three were self-purchased.

Six acquired banks were a sample, of which three had already failed. These three include the Afribank, Diamond Bank, and Oceanic Bank. The remaining three banks, Access Bank, Union Bank, and United Bank for Africa (UBA), are still operating. Data obtained were sourced via the internet from the CBN Annual Reports of 2001 to 2010 to ensure an even spread of the pre-and post-acquisition exercises to enable a balanced comparison. Since the failed banks no longer exist, the cheapest way to access their data is via the Central Bank of Nigeria's annual reports. We could not get the 2010 data of Afribank until now. It delayed this research to make efforts for direct communication with the CBN research department in Ilorin without result.

To assess the collected data, we used graphical and statistical analyses. We constructed line charts of the sample banks' profits before tax and used statistical correlation and t-tests to compare and analyze the banks' performances and to test the study hypotheses.

4. Results

4.1. Graphical Analyses

The line charts constructed on the sample banks' profits before tax (PBT) show a minor impact of increased equity and total assets on profits. This impact is similar for all sample banks. As seen in 2008, profits grossly dwindled, probably due to the global financial crises. Their increased total assets and the available huge equity capital base that assured their resilience could not prevent the profits' downward trend. There is a relationship between the large gap between profits earned and shareholders' funds with the total assets used to generate profits. The charts show that the banks share the same trend. Shareholders' funds increase manifests majorly in increased total assets, and it does not show any commensurate increase in profits. Equally, the increased total assets do not manifest any commensurate increase in profits that signals inefficiency as investors commonly perceive.

Table 1 Shareholder funds (SFs), total assets (TAs), and profit before tax (PBT) of the sample banks (The authors' computations)

	Bank	Index	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1	Afribank	SFs	2,283	4,332	6,546	5,317	21,387	27,059	28,296	34,887	NA	NA
	Afribank	TAs	71,839	73,088	83,144	70,578	95,754	131,270	182,722	335,695	NA	NA
	Afribank	PBT	1,090	2,231	2,471	1,566	231	3,695	5,081	12,361	NA	NA
2	Diamond	SFs	4,086	5,320	4,993	6,520	20,710	34,970	53,892	116,983	110,359	116,881
	Diamond	TAs	47,372	53,199	59,287	69,062	125,675	223,048	312,250	603,327	604,001	548,403
	Diamond	PBT	2,225	3,802	5,030	7,004	3,522	5,292	8,793	15,059	(9,056)	9,468
3	Oceanic	SFs	3,564	5,565	7,073	10,360	31,092	37,670	50,893	34,945	125,598	102,480
	Oceanic	TAs	32,321	53,294	64,978	86,884	217,803	371,587	1,030,441	(345,725)	869,319	929,895
	Oceanic	PBT	2,474	3,121	3,287	3,445	7,265	11,614	22,341	(345,725)	(117,866)	28,864
4	Access	SFs	919	1,944	2,365	2,703	14.072	28.894	28,385	172,002	184,831	182,505
	Access	TAs	8,001	11,343	22,582	31,342	66,918	174,554	328,615	1,043,465	647,575	726,961
	Access	PBT	116	(18)	881	952	751	1,119	8,043	19,042	(90,653)	25,427
5	Union	SFs	13,786	30,302	32,730	35,985	39,129	95,685	96,630	111,271	53,145	140,92
	Union	TAs	214,885	275,194	329,583	367,798	398,271	517,564	619,800	907,074	921,230	840,698
	Union	PBT	7,058	7,490	10,154	10,210	11,953	12,350	15,320	29,746	(285,370)	47,438
6	UBA	SFs	8,427	9,782	13,767	18,059	17,702	47,621	164,821	188,155	187,719	187,730
	UBA	TAs	187,248	198,860	200,995	208,806	248,928	851,241	1,102,348	1,520,093	1,400,879	1,432,632
	UBA	PBT	1,585	2,238	4,816	5,608	6,239	12,514	22,827	45,305	15,964	3,693

In furthering data analyses, the study used statistical correlation and t-tests to compare and analyze acquiring banks' performance and to test the hypotheses. Further analyses involve considering the efficiency of banks' operations separate from how profitable they are.

5. Discussion

Table 2 shows the descriptive statistics of the data variables used in our study. Evidence indicates that the average value of shareholder funds is N4.257 million, and the standard deviation is 1.003, supported by the minimum and maximum SF values of 0.000 and 5.274. PBT has a mean value of 3.665, strongly supported by a 1.002 standard deviation. In addition, the minimum and maximum PBT values were 0.000 and 5.539.

Table 2 Descriptive statistics of the data variables

	Equity (SF)	Profit (PBT)
Mean	4.257651	3.665203
Median	4.460808	3.845346
Maximum	5.274516	5.538731

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Continuation of Table 2

Minimum	0.000000	0.000000
Std. Dev.	1.003029	1.002746
Skewness	-2.562584	-1.695002
Kurtosis	11.68297	7.614244
Jarque-Bera	249.9174	80.59247
Probability	0.000000	0.000000
Sum	251.2014	216.2469
Sum Sq. Dev.	58.35193	58.31901
Observations	59	59

Panel unit root test: summary
Series: D(SF)
Date: 10/06/20
Time: 17:30
Sample: 2001-2010
Exogenous variables: individual effects
Automatic selection of maximum lags
Automatic lag length selection based on the SIC: 0 to 1
The Newey–West automatic bandwidth selection and the Bartlett kernel

Method	Statistic	Prob.**	Cross-sections	Observations
Null: Unit root (assumes a common unit root process)				
Levin, Lin & Chu t*	-6.40460	0.0000	6	46
Null: Unit root (assumes an individual unit root process)				
Im-Pesaran-Shin W-stat	-3.21168	0.0007	6	46
ADF – the Fisher Chi-square	35.0423	0.0005	6	46
PP: the Fisher Chi-square	48.6298	0.0000	6	48

** Probabilities for the Fisher tests are computed using the asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Panel unit root test: summary
Series: D(PBT)
Date: 10/06/20
Time: 17:31
Sample: 2001-2010
Exogenous variables: individual effects
Automatic selection of maximum lags
Automatic lag length selection based on the SIC: 0 to 1
The Newey–West automatic bandwidth selection and the Bartlett kernel

Method	Statistic	Prob.**	Cross-sections	Observations
Null: Unit root (assumes a common unit root process)				
Levin, Lin & Chu t*	-5.20883	0.0000	6	45
Null: Unit root (assumes an individual unit root process)				
Im-Pesaran-Shin W-stat	-2.39912	0.0082	6	45
ADF – the Fisher Chi-square	30.2718	0.0025	6	45
PP: the Fisher Chi-square	35.9982	0.0003	6	46

** Probabilities for the Fisher tests are computed using an asymptotic chi-square distribution. All other tests assume asymptotic normality.

Dependent variable: PBT
Method: panel least squares
Date: 10/06/20
Time: 17:33
Sample: 2001-2010
Periods included: 10
Cross sections included: 6
Total panel (unbalanced) observations: 59

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.046206	0.283455	-0.163011	0.8711
SF	0.871703	0.064830	13.44593	0.0000
R-squared	0.760296	Mean dependent var.		3.665203
Adjusted R-squared	0.756090	S.D. dependent var.		1.002746
S.E. of regression	0.495228	Akaike information criterion		1.465715
Sum squared residual	13.97932	Schwarz criterion		1.536140
Log-likelihood	-41.23859	Hannan-Quinn critter.		1.493206
F-statistic	180.7930	Durbin-Watson stat		1.324194
Probability (F-statistic)	0.000000			

Table 3 Unit root test (*Panel unit root test:* summary) (The authors' computations)

Variable	Method	t-statistic	@levels	@first diff.	Order of integration
SF	Levin, Lin & Chu t*	-6.40460	-	***	I(1)
	Im-Pesaran-Shin W-stat	-3.21168	-	***	I(1)
	ADF – the Fisher Chi-square	35.0423	-	***	I(1)
	PP: the Fisher Chi-square	48.6298	-	***	I(1)
PBT	Levin, Lin & Chu t*	-5.20883	-	***	I(1)
	Im-Pesaran-Shin W-stat	-2.39912	-	***	I(1)
	ADF – the Fisher Chi-square	30.2718	-	***	I(1)
	PP: the Fisher Chi-square	35.9982	-	***	I(1)

[11] and [12], as cited in [19], posit that panel variables that are not stationary will result in an ambiguous result when regressed. To solve this problem, we use the summary unit test, which includes the Levin, Lin & Chu t, Im-Pesaran-Shin W-stat, PP, and ADF tests, to check for stationarity of the dependent and predictor variables. Table 3 shows that the balanced panel data of the tested and predictor variables in the study is stationary at the first difference, based on the tests that establish the stationarity of the data.

5.1. Test of the Hypothesis

The coefficient of multiple determination in Table 4 shows a statistical value of 0.75, indicating that the predictor variable (shareholders' funds) influences approximately 75% of the total variation observed in the dependent variable (profit before tax). The above implies that about 25% of the changes observed in the dependent variable (PBT) are attributable to factors other than those included in this study.

Table 4 Simple leaner regression showing the effect of PBT on SF (The authors' computations)

Variable	Coefficient	Std. Error	t-Statistic	Probability
C	-0.046206	0.283455	-0.163011	0.8711
SF	0.871703	0.064830	13.44593	0.0000
R-squared	0.760296	Mean dependent variable		3.665203
Adjusted R-squared	0.756090	S.D. dependent variable		1.002746
S.E. of regression	0.495228	The Akaike information criterion		1.465715
Sum squared residual	13.97932	The Schwarz criterion		1.536140
Log likelihood	-41.23859	The Hannan-Quinn criterion		1.493206
F-statistic***	180.7930	The Durbin-Watson statistic		1.324194
Probability (F-statistic)	0.000000			

*** The result is significant at the 0.05 level.

The F-ratio of 180.79 is significant at the 0.05 level and further highlights the appropriateness of the model specification; hence, we reject the null hypothesis. The null hypothesis is that acquisitions do not impact the profits of Nigeria's banking industry. So, we conclude that shareholders' funds after acquisition affect the PBT of banks in Nigeria. Table 4 evidence statistically supports the claim that shareholders' funds have a positive and significant relationship with banks' PBT in Nigeria. The above is evidenced by a coefficient of regression value of 0.871703, indicating that a unit increase in the independent variable will equally lead to a one-unit increase in the dependent variable.

These statistical results agree with the findings of most of the previous studies conducted on amalgamation in different countries' banking sectors, as enunciated in the literature. Moreover, the results of this study suppress the doubt raised in [6] relative to its report, which implies that amalgamation could significantly affect the performance of banks in Nigeria. Along with the findings of this study, it affirms that acquisitions significantly affect the performance of banks in Nigeria.

6. Conclusion

Statistical analyses show that shareholders' funds

have a positive and significant relationship with the profits before tax of the banks under study. We observe that increased shareholders' funds after amalgamation made a dominant contributory statistically proven 75% in increased PBT of the banks. This perception is contrary to the line charts generated using an Excel spreadsheet. Although the line charts reveal that the overall increases in profits before tax of the banks under study are not commensurate with what one would have expected as the level of increased returns from the invested equity capital by the sample banks, statistical analyses negate this wrong belief.

Although statistical evidence supports the claim that shareholders' funds have a positive and significant relationship with bank PBT, there is a gap in resource management efficiency. The statistically proven 25% increase in PBT of non-equity banks is a testimony to this. There is an a priori expectation, in line with a common opinion in the Nigerian banking industry, that a unit increase in shareholders' funds (the independent variable) should generate a more than proportionate increase in PBT (the dependent variable). Above all, this study could boost trust in the claim that acquisition is an excellent managerial solution when considering restructuring banks in Nigeria to engender corporate growth.

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