



Evaluating Intention-Linked Post-M&A Performance of the Indian Banks: Effect of Indian Regulatory Developments

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Abstract

The banking sector is rapidly consolidating, yet the motivating intentions and performance impacts of mergers and acquisitions (M&As) remain unclear, which the present study examines in the context of Indian banking sector from 2015 to 2019. Using a one-sample Wilcoxon signed-rank test, this research identifies multiple intentions for M&As, including synergy realization, efficiency-seeking, enhancing size to become globally competitive, improving NPAs and risk management, meeting the economy's funding needs, increasing the bank's revenue, market-seeking, offering quality products and services, and enhancing technological resources. This study presents a method for analyzing the thoughts of banking personnel to examine the intentions driving banking M&As. It emphasizes that the banking sector has unique intentions distinct from those of other organizations in different industries. This study contributes to accounting theory and corporate governance by integrating regulatory developments like (Ind AS) Indian Accounting Standards and the norms of the India (RBI) Reserve Bank of into an intention-linked performance evaluation model to evaluate Post-M&A performance of merged banks. It develops a framework connecting M&A intentions: to increase the bank's revenue, meet the economy's funding needs, enhance the size to become globally competitive, and exercise better NPA and risk management, to Post-M&A performance metrics: credit availability, profitability, asset size, and Gross NPAs. A paired sample t-test reveals that the M&As have an insignificant impact on these metrics of the merged banks three years following the M&A, nevertheless, regulatory developments may play a significant role. The study offers implications for accounting standards, auditors, and governance codes.

Keywords: Mergers and Acquisitions, questionnaire survey, Intention-linked Post-M&A performance evaluation, Regulatory norms, Mergers and Acquisitions intentions, Indian accounting standards, Indian banking sector.

1. INTRODUCTION

Mergers and acquisitions (M&As) are inorganic tactical tools for corporate expansion, particularly within the banking sector (Hossain, 2021), which has experienced significant consolidation since the 1980s. Recently, M&A deals have intensified, attracting attention from several stakeholders, including depositors, shareholders, corporate leaders, and policymakers. This phenomenon is fuelled by ongoing financial deregulation, structural changes, and rapid advancements in technology (Cappa et al., 2022), which force banks to adjust their strategic approaches to achieve their vision, improve profitability, and enhance shareholder returns. Each bank has a vision for how it intends to grow over time and expand its market share and credibility. M&A provides banks with a tool to augment the quality and range of products and services, enhance revenue, increase their market presence, manage costs and financial risks, including the NPA (Non-Performing Assets) crisis. In India, M&A activities have shifted from being primarily government-directed efforts to boost bank efficiency (Sengupta and De, 2020) to more market-oriented and voluntary choices (Gandhi, 2016; Kumar et al., 2021). The Indian

banking sector is currently going through a significant change, marked by major consolidations.

Numerous studies have studied the broad intentions stirring banking sector M&As (Amel et al., 2004; DeYoung et al., 2009; Berger et al., 1999), yet few have empirically investigated these intentions (Focarelli et al., 2002; Group of Ten, 2001; Darayseh and Alsharari, 2023). This has led to ongoing debates among scholars over the intentions for M&A “buy” decisions. While considerable research has examined the performance influences of banking M&As (Rezitis, 2008; Kalra et al., 2013; Muhammad et al., 2019; Bindal et al., 2020; Biswas and Sinha, 2022), their findings have often been inconclusive, proposing the need for further research (DeYoung et al., 2009; Kalra et al., 2013). Additionally, M&A research has also been condemned for insufficient theory development, creating a debate on the evaluation mechanism of M&A performance (King et al., 2004; King et al., 2021; Meglio and Risberg, 2011). Furthermore, past studies have mainly emphasized cross-border M&As in developed nations with mature markets such as the United States (US), Europe, and Australasia, ignoring the domestic deals in developing

countries with emerging markets (DeYoung et al., 2009; Gomes et al., 2020). Consequently, the conclusions from these studies may not apply to domestic M&A deals in developing countries like India due to the variations in social, political, and economic conditions, the nature of deals, competitive forces, and governing laws affecting M&A activity. Furthermore, the evaluation of M&A outcomes has conventionally depended on financial ratios without directly linking these performance metrics to accounting theory or regulatory contexts. The current study enhances accounting measurement theory by positioning M&A intentions within the conceptual framework for financial reporting (CFFR), which prioritizes stewardship and decision usefulness. It also contends that M&A outcomes should be viewed not only as managerial decisions but also as accounting measurements integrated into governance and disclosure systems. Moreover, regulatory developments are vital in shaping the reporting of bank M&As. For instance, Ind AS 103 (Business combinations) outlines principles for the recognition and valuation of M&As, including fair valuation and treatment of goodwill. Likewise, the prudential norms of the Reserve Bank of India's (RBI) concerning NPA recognition, governing and provisioning practices, which consequently affect Post-M&A performance outcomes. Moreover, Basel III guidelines regulate capital adequacy and risk disclosure, affecting Post-M&A risk evaluations. The current study, therefore, integrates intention-based evaluation within accounting frameworks and regulatory disclosure norms. Consequently, the following fundamental questions still lack answers:

1: Why do banking sector M&As occur?

2: What is the most appropriate way to evaluate the banking sector M&A performance?

To tackle these research enquiries, and considering the notable lack of studies in the Indian context, it is essential to explore the motivating intentions and the performance influences of M&As within the Indian banking sector by realizing the following objectives:

1: To identify and verify the intentions driving M&As within the Indian banking sector.

2: To determine whether employing a regulatory-integrated framework in an intention-linked evaluation model for gauging M&A Performance allows us to evaluate the M&A performance more precisely.

The findings provide valuable insights into the motivating intentions driving M&As of the Indian banks, suggesting that the performance influences of these M&As can be best assessed in relation to the driving intentions and their subsequent realization. This study makes a significant contribution to the existing pool of knowledge in several key ways. Firstly, it enhances the specific banking literature by investigating M&A intentions and Post-M&A performance within the setting of an evolving market. The authors expand upon previous research by investigating the underlying intentions of Indian banking M&As through a questionnaire survey conducted with 100 management

personnel from merged banks between 2015 and 2019. By examining the perceptions of those directly involved in the M&A process, this research gives a comprehensive understanding of the motivating factors behind these deals. Secondly, recognizing a gap in the prior literature regarding empirical evidence on M&A performance, this study analyzes changes in bank size, credit availability, gross non-performing assets (NPAs), and profitability of the merged banks to assess Post-M&A performance centred on the realization of intentions. The current study proposes a regulatory-integrated framework for an intention-linked performance evaluation model in bank M&As, enabling a more accurate and logical evaluation of M&A outcomes.

The current study offers important implications for M&A managers and scholars. It advocates for using a multi-theoretical approach to study the intentions driving banking M&As, which could also be applied to other industries. By clarifying the complex intentions behind M&As, stakeholders can make informed decisions, emphasizing that M&As are often driven by rational intentions to enhance bank performance. Additionally, it argues for evaluating Post-M&A performance centred on the achievement of these intentions rather than conventional methods. The analysis cautions that M&As do not essentially result in enhanced financial performance or the fulfillment of their desired intentions, as larger banks do not ensure increased profitability or reduced non-performing assets. The paper is structured into eight sections, with Section 1 covering the study's introduction. Section 2 analyzes the literature on the motivational intentions and performance evaluation of banking sector M&As. Section 3 defines the research methodology. Section 4 displays the analysis of the results. Sections 5, 6, and 7 report the discussion, conclusion, and implications. Lastly, section 8 discussed the limitations and potential avenues for forthcoming research.

2. REVIEW OF LITERATURE AND DEVELOPING OF HYPOTHESES

2.1 M&As in the Indian Banking Sector

M&As were initiated by the Indian government in 1969 to enhance control over the banks' credit delivery and address inefficiencies in failing banks (Sengupta and De, 2020). In the post-nationalization period, following the Liberalization, Privatization, and Globalization (LPG) program, which was introduced based on the Narsimhan Committee reports submitted in 1991 and 1997. With this, M&A became a key reform for restructuring the banking sector to improve competitiveness and efficiency (Sen, 2021). Since 1999, the number of voluntary mergers, as per Section 44A of the Indian Banking Regulation Act, 1949, has increased, driven by market forces and profitability (Gandhi, 2016; Kumar et al., 2021). M&As provide access to new markets, a vast branch network, and efficient capital utilization (Adhikari, 2019). In 2019, India experienced its first significant upsurge of bank mega-mergers (The Hindu,

2021). A timeline of these significant banking consolidations from 1961 to 2022 is displayed in Table 1.

Table 1: Journey of Indian Banking Consolidation

Year	Consolidation through Mergers and Amalgamations	Highlights
Pre-Nationalization (1961-1968)	46	Mergers in the private sector to revitalize sick financial institutions (Sengupta and De, 2020).
Nationalization (1969-1992)	13	13 mergers occurred among private and public banks in 1980.
Post-Nationalization (1993 onwards)		
(1993-1999)	7	In 1993, the New Bank of India and Punjab National Bank merged, and the nationalized banks reduced from 20 to 19 (Chavan, 2017).
(2000-2010)	17	Insolvent Benaras State Bank Ltd. merged Bank of Baroda in 2002. In 2004, the Oriental Bank of Commerce acquired the financially distressed Global Trust Bank to expand its market presence. SBI and the State Bank of Saurashtra merged in 2008 and in 2010 SBI merged with the State Bank of Indore (Chavan, 2017).
(2014-2017)	2	In 2014, Kotak Mahindra Bank purchased ING Vysya Bank to leverage strategic synergies for growth (Business Standard, 2014). In 2017, six associates (Bhartiya Mahila Bank, State Bank of Bikaner and Jaipur, State Bank of Travancore, State Bank of Hyderabad, State Bank of Mysore, and State Bank of Patiala) merged into SBI, forming it one of the 50 biggest banks globally (The Hindu, 2017). The aim was to improve profitability and credit supply through optimized operations (The Economic Times, 2017; Mint, 2017).
(2018)	1	Capital First merged with IDFC Bank (Infrastructure Development Finance Company) to create IDFC First Bank on 18th December 2018, aiming to operate as a giant universal bank and enhance customer service.
(2019)	5	In 2019, the government declared the biggest mega-merger (United Bank of India and Oriental Bank of Commerce merged with Punjab National Bank; Andhra Bank and Cooperation Bank with United Bank of India; Syndicate Bank with Canara Bank; Allahabad Bank with Indian Bank; Vijaya Bank and Dena Bank with Bank of Baroda), reducing the 10 public sector banks to 4 giant banks. The purpose was to fulfil the nation's growing funding requirements and build globally competitive banks (The Economic Times, 2019).
2022	1	A merger of HDFC (Housing Development Finance Corporation) bank with HDFC was announced on 4 th April 2022. Through this merger, the resultant unit will be the third biggest in India in relations of market capitalization.

Source: Authors' compilation

2.2 Intentions Behind the Banking Sector M&As

A considerable body of research has studied the motivating intentions underlying M&As, yet scholars continue to debate the fundamental intentions that drive M&A decisions. These intentions are widely recognized as critical drivers of M&A activity, as they shape the strategic rationale behind deals, their execution, and assessment of M&A performance (Hassan et al., 2018). Trautwein (1990) and Wang and Moini (2016) proposed several explanations for the intentions driving M&A, including the monopoly

theory, efficiency theory, and resource-based theory. The monopoly theory posits that competitors operating in a similar market incline to consolidate, thereby gaining market dominance and unexpected earnings through increased market share (Tepper, 2018). Efficiency theory postulates that two businesses merge to exploit complementary strengths, address operational weaknesses, and improve efficiency levels, thereby enhancing performance through cost reduction and revenue growth activities (Ayadi and Pujals, 2005). The resource-based theory interprets M&A as a tactic for

gaining valuable assets to strengthen its technological and financial capabilities by procuring high-value products and services (Cappa et al., 2022). M&As are perceived as strategic investments that compete with other organizational alternatives. Each M&A is typically part of a broader business strategy (Gomes et al., 2013). However, some studies argue that M&As may be driven by multiple, rather than single, intentions (Kreidl and Oberndorfer, 2004; Nguyen et al., 2012). Consequently, given the continuous and unfruitful debate, comprehending the intentions that stimulate organizations' M&A decisions is essential to determining whether M&A deals succeed or fail (Calipha et al., 2010). Unfortunately, the existing research has mainly concentrated on the performance influences of M&As rather than on the intentions driving M&A deals. The rise of M&As has prompted global business and strategy academics to explore various facets of this phenomenon. However, research lacks a conclusive explanation, as M&As affect various aspects like costs, sales, risk, revenue, competencies, and customers differently. Moreover, the banking sector differed significantly from other services and manufacturing industries, as its services and products are mostly customized and information-intensive, with strict regulatory requirements. Consequently, the authors focus on the specific intentions driving M&As within the banking sector. The subsequent intentions for banking M&As were identified by reviewing the literature.

To increase the revenue of the bank. Studies indicated that cost reduction and revenue improvement in the post-merger years are managers' utmost recurrently quoted intentions for opting for acquisition growth strategies (Amel et al., 2004; Group of Ten, 2001). Similarly, Forcarelli, Panetta and Salleo (2002) reported that increasing the revenues through financial services by catering to the customers of the combined bank was the strategic motive for the Italian banking M&As. Literature has been replete with studies proving the profit benefits of M&A deals (Gupta et al., 2023; Aggarwal and Garg, 2022).

Synergy realization. The synergy theory postulates that the anticipated value created by the merged entity surpasses the summation of the values of the two entities functioning independently (Kumar et al., 2019). First, bank M&A created operational synergy through cost reduction and revenue enhancement activities for the acquirers (Cornett et al., 2006; Kumar et al., 2019). Second, financial synergies were achieved through the efficient management of combined financial resources, including tax benefits, pricing power, risk reduction, and lower financing costs (Kumar et al., 2019). Third, synergies would also arise from combined managerial and technological competencies, such as high-value and quality financial products, technology-driven lower transaction costs, and exploiting new technological opportunities (Knoll, 2008; Cappa et al., 2022).

Market-seeking intentions (penetration and power). According to monopoly theory, competitors operating in the same

market occasionally merge or acquire each other to gain market dominance and unexpected earnings through increased market share (Tepper, 2018). Due to deregulation measures, bank M&A in developing nations reflects the intensified concentration in the local market and an intention to penetrate larger regional geographical markets (Hernando et al., 2009). Financial deregulation may enhance or reduce the banks' market power to control credit availability for young and private firms, eventually affecting their innovation activities and economic growth (Chava et al., 2013). The market power to influence the price levels in a particular market and reduce its refinancing costs seems to justify the benefits of M&A at the local level (Berger et al., 1999). Banks utilize social media digital platforms to expand their reach and enhance customer engagement (Islam et al., 2020).

Efficiency-seeking intentions (economies of scale). From the 1980s, the prevailing liberalization and deregulation trends aimed to consolidate the banking sector in most wealthy nations, which were believed to deliver efficiency gains and low competition (Montes, 2014; Amel et al., 2004). Efficiency theory posits that M&As unfold due to the differing strengths, weaknesses, and efficiency levels of the two businesses involved. M&A allows the new organization to increase efficiency through cost reduction and revenue growth. Cost savings would be realized from the shared information, knowledge, or skills of customers, branch networks, and physical inputs (Smirnova, 2014). Scale economies stem from the ability of larger banks to allocate fixed costs, like technology and advertising costs, across a large volume of output (Amel et al., 2004). According to Sufian (2011), larger banks were likely to acquire less efficient smaller banks with diverse revenue streams to achieve economies of scale.

To enhance the technological resources and knowledge. Banks' strategic and competitive environment has substantially changed due to the constant evolution of technology and digitalization, allowing them to grow through M&As (Kotarba, 2018). Based on resource-based theory, in response to these trends, banks often strengthened their technological and financial capabilities to procure high-value and high-quality products and services by embracing M&A (Cappa et al., 2022). The banking sector (and telecommunications) is susceptible to ongoing significant technological developments and convergence (PricewaterhouseCoopers, 2020). Technological developments transformed the payments, front-office delivery, and back-office processing systems (Humphrey et al., 2006). Financial innovations bring sophisticated statistical methods, risk management, and financial engineering tools. Modern-day methods include using virtual communities like Facebook and design strategies based on customers' personality traits to boost virtual engagement, purchase intention, and build trust (Islam et al., 2017).

To have better NPA and risk management. Generally, a loan becomes an NPA if a borrower fails to pay the interest or principal for a certain time, especially 90 days or longer

(RBI, 2023). It would affect the bank's financial firmness multi-fold; first, the decline in interest income affects the bank's profitability, and second, the non-recovery of the principal amount erodes the bank's capital base permanently (Das and Uppal, 2021). Similarly, the constant rise in the bad loan crisis strains the banks' capital adequacy, leaving the return on assets and equity negative, resulting in stagnation in the progress of the

banking system (Nidugala and Pant, 2017). Hence, resolving the issue of rising NPAs has always been a huge test for the banks. Bank M&As were often driven to minimize the financial instability in most emerging or developing economies (Muhammad et al., 2019). Therefore, whether M&A can solve the NPA crisis (Table 2) has been the most debated theme in Indian banking literature (Jasrotia and Agarwal, 2021).

Table 2: Trends in Gross NPAs of the Indian banks

Financial Year	Gross NPAs in INR trillions (public banks)	Gross NPAs in INR trillions (private banks)
2017-2018	8.96	0.94
2018-2019	7.4	1.86
2019-2020	6.78	2.1
2020-2021	6.17	2
2021-2022	5.42	1.81

Data Source: www.rbi.org.in

To enhance the size to become globally competitive. Firms' desire to grow in size and to compete globally has been the constant motivator behind M&As (Ezeoha, 2011). M&A has been the quickest route to expand its size and maintain public trust over time. With assets above \$ 20 billion, almost all of America's biggest banks were built through M&As. For example, Citigroup merged Citibank and Traveller, consolidating one of the world's well-known financial groups with almost \$ 700 billion in total assets. According to Gandhi (2016), the need for consolidation in India's banking sector is evident, as, despite being the world's seventh-largest nation in nominal GDP, no Indian bank has been included in the top 70 global banks. To attain this, the consolidation must be structural and profound, reconfiguring the banking sector to create domestic mega-banking groups at the national level (Ayadi and Pujals, 2005; Hernando et al., 2009). This concentration trend in the home banking market was evident in the firms' desire to compete in the intense worldwide markets and cope with macroeconomic variations (Carbonara and Caiazza, 2009). According to Tampakoudis et al. (2022), a more practical and flexible approach to board size may enhance the positive economic impact of banks during M&As in these countries.

To offer quality products and services. For a firm to survive in today's competitive market, delivering superior quality services is the key to improved performance. In banking, service quality has been associated with customers' attitudes toward the bank, its services, and customer satisfaction (Bastos and Gallego, 2008). Per Alvarez-González and Otero-Neira (2023), in an M&A, service quality is the very vital customer relationship determinant of loyalty. Designing aesthetically appealing, simple-to-use, interactive, and customized banking websites significantly promoted long-term trust and customer retention (Islam et al., 2020). The integration of financial firms enhanced the range and quality of the service/product portfolio, increasing customers'

convenience and the firm's reputation (Majumdar et al., 2013).

To meet the funding needs of the economy. While larger firms have direct access to national credit markets, small and medium-sized enterprises (SMEs) rely on banks to fulfill their credit needs. In developing countries, SMEs are the pillars of the economy, and the key concern of bank consolidation policy is to provide sufficient access to loans for SMEs or smaller businesses. Abdul and Ochenge (2020) opined that merged banks enjoy synergy gains and pass these on to consumers through lower lending rates and increased credit supply. However, according to Biswas and Sinha (2022), most businesses in developing economies are funded by bank loans, and bank mergers may lead to post-merger rationalization of the loan portfolio, negatively impacting borrowers' access to credit. Therefore, built on the examination of the prevailing literature so far, the alternate hypothesis is assumed as follows:

H₁. *Increasing the revenue of the bank, synergy realization, market-seeking, efficiency-seeking, enhancing the technological resources and knowledge, bettering NPA and risk management, enhancing the size to become globally competitive, offering quality products and services, and resources, and meeting the funding needs of the economy intentions play a significant part in motivating the Indian banking sector M&As.*

2.2.1 Impact of Regulatory Developments on Accounting Practice in M&As.

• RBI Reforms and Disclosure Norms

RBI has introduced a comprehensive framework of reforms for banking M&As to ensure financial stability and protect depositors' interests. Under the Banking Regulation Act of 1949, any proposed M&A necessitates RBI approval, which evaluates the financial health, governance, and operational efficiency of the entities involved (Bhattacharya and Patel, 2005; Reserve Bank of India, 2025). The RBI mandates extensive due diligence that encompasses NPA evaluation, capital adequacy, and adherence to prudential norms. The "fit and proper"

criteria for acquiring entities further reinforce governance standards and regulatory compliance. Furthermore, the merged entity must fulfil capital adequacy requirements set by the RBI to safeguard potential financial shortfalls (Bhattacharya and Patel, 2005; RBI, 2017).

The RBI's disclosure norms for bank M&As emphasize the importance of transparency and accountability throughout the consolidation process. These norms stipulate that merger schemes must be publicly disclosed, encompassing details like valuations, share exchange ratios, and the impacts on shareholders (RBI, 2025). The financial statements of the involved banks are mandatory to be made accessible, reflecting profitability, asset quality, liabilities, and provisioning levels. In addition, the merging entities must disclose NPAs and provisioning needs for better asset quality insight (Reserve Bank of India, 2017). Effective communication with stakeholders regarding the M&A rationale and anticipated benefits is also crucial. Furthermore, detailed regulatory filings, including M&A agreements and due diligence reports, must be submitted to the RBI, along with periodic Post-M&A reports that assess financial performance, integration process, and adherence to established regulatory norms, including disclosures related to any change in governance (Bhattacharya and Patel, 2005; RBI, 2025).

• **Indian Accounting Standards (Ind AS) affecting Post-M&A reporting**

Ind AS are vital in shaping Post-M&A financial reporting and in combating financial scam by improving the quality and trustworthiness of financial reports. This promotes clarity and responsibility within companies, providing reassurance to stakeholders (Kumar, 2025). For instance, Ind AS 1 (Presentation of Financial Statements) establishes a framework for the classification, presentation, and disclosure of post-M&A financial statements. It ensures transparent reporting of goodwill, reserves, NPAs, and contingent liabilities, while also necessitating disclosures regarding the M&A impact on overall performance and financial performance (Kumar, 2025). Ind AS 12 (Income tax) regulates the accounting for deferred tax liabilities and assets that rise from fair value adjustments and provisions related to M&As (PWC, 2016). Ind AS 36 (Impairment of assets) stipulates that goodwill and other acquired assets undergo annual impairment testing to ensure they are not overstated. The acknowledgement of impairment losses may diminish Post-M&A profitability, but it ensures that reported values are aligned with economic reality (Kumar, 2025). Moreover, Ind AS 37 (Provisions, contingent liabilities, and assets) mandates the recognition of contingent liabilities from the acquired entity at reasonable value in the Post-M&A financial statements. This requirement enhances transparency regarding hidden obligations but also increases reported liabilities, thereby affecting net assets and profitability (Kumar, 2025). Ind AS 38 (Intangible assets) addresses the recognition of intangible assets acquired during M&A, all of which must be separately

identified and valued. While this expansion of asset size is beneficial, subsequent amortization can impact post-M&A profitability (PWC, 2016). Also, Ind AS 103 (Business combinations) necessitates the recognition of acquired liabilities, assets, and non-controlling interests at fair value, alongside goodwill from bargain purchases. This directly affects the reported asset size and reserves (PWC, 2016). Ind AS 109 (Financial instruments) mandates that financial instruments obtained through an M&A be recognized at fair value, accompanied by a comprehensive forward-looking credit risk evaluation. This approach has significant implications for advances, NPAs, asset valuation, and profitability in the subsequent financial statements following the M&A (Kumar, 2025). Subsequent consolidation is governed by Ind AS 110 (Consolidated Financial Statements), which requires merged entities to present themselves as a cohesive economic unit in their financial statements, with uniform accounting policies (Kumar, 2025). Lastly, Ind AS 111 (Joint arrangements) mandates the use of the equity way for accounting in joint ventures or proportional consolidation for joint operations, affecting the recognition of post-M&A assets, liabilities, and profits (PWC, 2016).

• **Basel norms and their effect on financial measurement and risk reporting**

The Basel norms are global regulatory frameworks created by the Basel Committee on Banking Supervision (BCBS) to shape financial measurement and risk reporting within banks, promoting global consistency, transparency, and stability. Basel I, introduced in 1988, mandated a minimum 8 percent capital requirements relative to risk-weighted assets (RWAs) and categorized capital into Tier 1 and Tier 2 (BCBS, 2004). This shift in financial measurement moved the focus from absolute lending volume to RWAs as the primary benchmark. Risk reporting became more standardized across jurisdictions, although it remained narrowly concentrated on credit risk. Basel II, announced in 2004, announced three pillars: minimum capital needs encompassing credit, operational, and market risk; supervisory review; and market discipline (Bank for International Settlements, 2001). The accuracy of financial measurement has significantly improved by integrating operational and market risks, resulting in more reliable measurements. Additionally, risk reporting has been strengthened by mandates for comprehensive disclosures regarding risk exposures and capital adequacy, which enhances transparency and market discipline. In 2010, Basel III was developed to enhance both the quantity and quality of capital. It introduced liquidity metrics and leverage ratios, along with capital buffers to lessen systemic risks (Basel Committee on Banking Supervision, 2010). This norm measures financial risks by emphasizing liquidity and leverage in addition to capital adequacy (Gržeta et al., 2023). This shift has enhanced risk reporting by requiring banks to disclose their liquidity, leverage ratios, and stress test results.

2.3.4 Intention-linked Evaluation Model with Regulatory-integrated Framework for Evaluating Post-M&A Performance in the Indian Banking Sector

The evaluation of M&A performance consists of objective (accounting or stock market-based analysis) and subjective measures (expert opinion analysis). Despite the rising trend of bank M&As, research suggests that M&As frequently fall short of their projected intentions (Muhammad, 2010; Kalra et al., 2013). Also, M&As do not necessarily advance the financial health of the acquirers, with failure rates ranging between 45 to 82 percent (Mueller, 2003; Bertrand and Betschinger, 2012). Nevertheless, the value generation from M&A remains a contentious issue, as conclusive empirical evidence remains elusive (Kalra et al., 2013). Since the 1960s, research has condemned M&A theory, particularly how M&As are evaluated (King et al., 2004; King et al., 2021; Meglio and Risberg, 2011). It is believed that inaccurate performance measurement variables contribute to inconsistent results reported in past studies (Lin and Chou, 2016; Deng, 2010). Moreover, researchers have opposed using standard evaluation methods, since acquirers have different intentions for each M&A (Sung and Gort, 2006; Franceschini et al., 2013). Hence, determining the most appropriate measure for assessing M&A performance remains a contentious issue over the years (Ghauri and Park, 2012; Chan and Chueng, 2016). To conclude, improvement in M&A performance evaluation (measurement) methods is required to avoid the mis-measurement (Zollo and Meier, 2008), as misaligned performance measures may impede the success of M&As (Seth et al., 2002). Hassan et al. (2018) also contended that successful M&As depend on a clearly defined

strategic vision from management, which enhances goal assessment, improves long-term performance, and increases value. Considering this drawback, the current study advocates for a conceptualized intention-driven model of performance evaluation that aligns with specific intentions determined during the Pre-M&A period.

The authors developed an intention-linked evaluation model demonstrating the process involved, proposing the connection between M&A intentions and Post-M&A performance evaluation, as displayed in Figure 1. The authors assumed that the M&A intentions determined in the Pre-M&A phase by examining the bank's vision, strengths, and market position (Marks and Mirvis, 2001; Weber et al., 2013). These intentions guide target selection to address strategic gaps aimed at achieving both quantitative (increasing asset size, reducing NPAs, capturing markets, hitting specific revenue goals) and qualitative (enhancing efficiency levels, taking advantage of synergy gains, creating quality products and services, or access to new technology) benefits. The current study assumed that well-articulated intentions in the Pre-M&A phase serve to define performance evaluation criteria for standard setting in the Post-M&A phase. Furthermore, past studies indicate that clearly defining intentions in an M&A strategy helps buyers choose the most suitable target to achieve synergies among optimal market alternatives (Gole and Morris, 2011; Epstein, 2005). Hence, the proposed intention-linked evaluation model posits that M&A performance is best evaluated by how intentions are fulfilled, as these guide the M&A process and define the performance evaluation criteria in the Post-M&A phase.

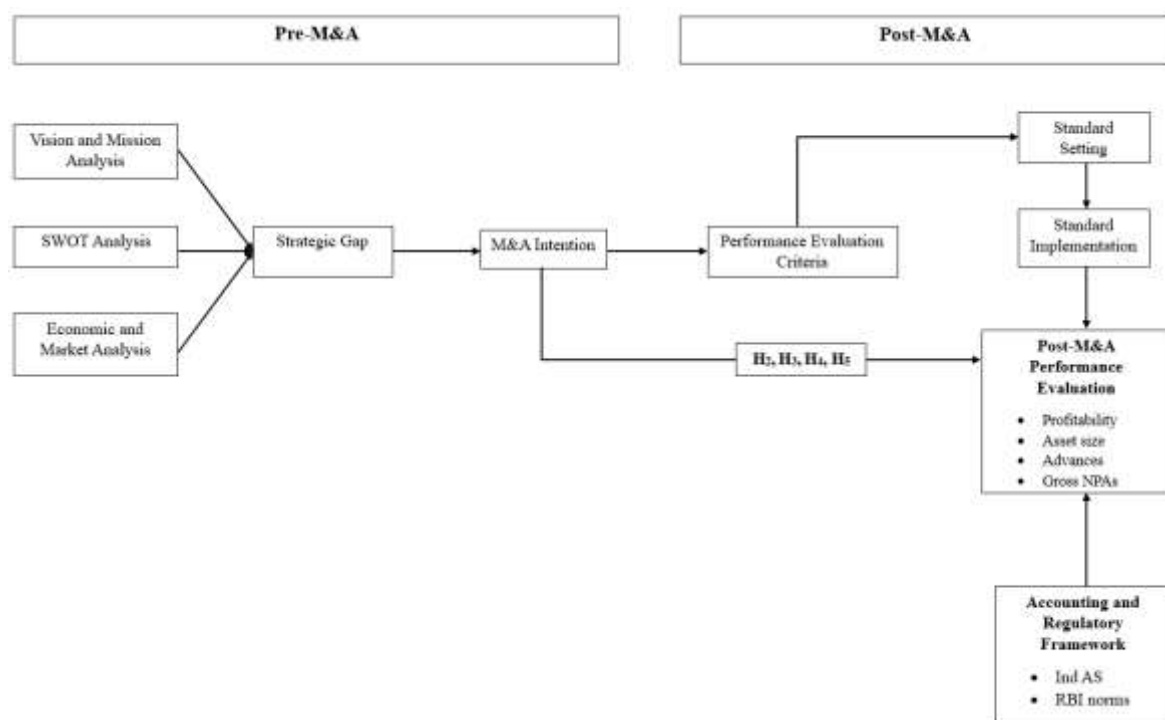


Figure 1: Research Model
Source: Authors' compilation

The evaluation theory by Chelimsky (1997) and Scriven (1991) has been employed to comprehend the connection between intentions and performance evaluation in the current study. They emphasized that assessment entails setting standards, implementing, and gauging their impact. In the current study, the authors argue that in M&As, managers should clearly define the intentions for the deal, execute plans to achieve them, and then evaluate performance based on these intentions. This approach would provide a guiding light for the deals and assist in successfully evaluating if the Post-M&A performance is on par with the pre-terminated intentions. Consequently, the study posits that Post-M&A performance assessment should be aligned with the intentions specified during the Pre-M&A phase rather than using standardized methods such as stock market reactions or financial results.

Building upon this, the present study lined four M&A intentions driving M&As in Indian banks: to increase the bank's revenue, meet the economy's funding needs, enhance the size to become globally competitive, and exercise better NPA and risk management, with measurable financial metrics, including merged banks' profitability, credit availability, size, and Gross NPAs by comparing the three years prior and later the M&A inflation-adjusted average. This proposed connection aligns with the Conceptual Framework for Financial Reporting, which emphasizes decision usefulness and stewardship as objectives of financial reporting. Decision usefulness aims to provide investors and creditors with relevant information for effective resource allocation, while stewardship emphasizes managerial accountability regarding the use of entrusted resources (Dawes, 2010).

In the realm of bank M&As, it is crucial to assess both financial success and the alignment between intentions and actual outcomes. This study proposes a model that incorporates the regulatory frameworks shaped by the RBI and the Ind AS. By positioning M&A intentions within accounting objectives and disclosure standards, this approach bridges the strategic and accounting perspectives. Consequently, the present study enriches the literature by illustrating how Post-M&A performance can be evaluated not only in financial terms but also through the lenses of accountability and regulatory compliance. Table 3 illustrates the alignment by showing how each M&A intention is translated into a specific financial performance metric, how these metrics are disclosed under Ind AS and RBI regulations, and the rationale behind this relationship. Profitability, advances, size, and Gross NPAs represent concrete indicators of strategic intentions, while their evaluation and reporting promote transparency and comparability. By placing these metrics within the objectives of the conceptual framework, especially in terms of providing decision usefulness for investors and fostering stewardship for regulators and stakeholders. The present study confirms that evaluating Post-M&A performance involves elements of strategic management, financial accountability, and adherence to regulatory standards. This intention-linked model provides a comprehensive framework that aligns strategic vision (M&A intentions) with operational outcomes, emphasizing both quantitative results and managerial accountability, offering a context-sensitive, theoretically grounded, empirically measurable, and regulatory-compliant methodology for evaluating Post-M&A performance.

Table 3: Alignment of M&A Intentions with Post-M&A Performance Financial Metrics, Accounting Disclosures, and Conceptual Framework for Financial Reporting)

M&A Intention	Relevant Post-M&A Performance Financial Metric	Relevant Accounting Disclosure (Ind AS/RBI norms)	Rationale for the Link in the M&A Context	Evaluation Lens (Conceptual Framework Linkage)	Expected Post-M&A Outcome
To increase the revenue of the bank	Profitability (Net profits)	- Statement of Profit and Loss – Ind AS 1 (Presentation of Financial Statements) - Ind AS 103 (Business Combination)-acquisition-related goodwill, costs measuring - Ind AS 12- Income Taxes - Ind AS 36- Impairment of Assets	Net profits indicate whether the M&A has enhanced earnings through revenue synergies and cost efficiencies. This information is utilized by investors and regulators to evaluate performance.	Decision usefulness: Assists investors in evaluating future cash flows or profitability trends and the impact of M&A related accounting adjustments. Stewardship: Holds management responsible for achieving higher returns following the M&A.	Determines whether M&A has improved earnings and resource efficiency
To enhance size to become globally competitive	Size (Asset size)	- Balance Sheet- Ind AS 1 (Presentation of Financial Statements) - Ind AS 103 (Business	A more expanded balance sheet reflects heightened scale, which can enhance credit	Decision usefulness: Helps investors evaluate financial robustness and market	Judges whether M&A raises market presence and financial resilience

		Combinations)- recognition of acquired assets at fair value	ratings, global presence, and the capability to fund significant projects.	competitiveness. Stewardship: Demonstrates whether management has wisely utilized M&A to create more resilient banks.	
To meet the funding needs of the economy	Credit Availability (Advances)	- Balance Sheet - Ind AS 1 (Presentation of Financial Statements) - Ind AS 103 (Business Combination)- fair value recognition of acquired advances and their consolidation - Ind AS 109 (Financial Instruments)- recognition and measurement of loans - RBI disclosure norms	Advances indicate the combined banks' ability to extend credit to both businesses and individuals, supporting their role in the economy's development.	Decision usefulness: Enables stakeholders to assess the strength of lending activities. Evaluate future income from advances and credit risk exposure. Stewardship: Demonstrates management efficiency for deploying funds towards lending and credit growth.	Evaluates whether the merged banks support credit expansion and access
To have better NPAs and risk management	Gross NPA	- Notes to Accounts - Ind AS 1 (Presentation of Financial Statements) - Ind AS 109 (Financial Instruments)- Impairment and expected credit loss model - Ind AS 103 (Business Combination)- write down or reclassification of acquired stressed assets, recognition of acquired contingent liabilities - RBI prudential norms	A decrease in Gross NPAs following M&A indicates better risk management and a broader range of investment portfolios.	Decision usefulness: Stakeholders evaluate credit risk, overall stability, and sustainability of earnings to judge asset quality. Stewardship: Evaluates Management's role in effective lending practices and risk management to control credit risk and maintain asset quality Post-M&A.	Evaluates improvements in credit risk and asset quality Post-M&A

Source: Authors' compilation from different sources (Ministry of Corporate Affairs, 2015; Reserve Bank of India, 2021)

2.3.5 Hypotheses Development

Past research has yielded mixed outcomes concerning the consequence of M&A on the profits of acquirers. For instance, Kumar (2009) identified only marginal developments in post-merger profitability, which equated to pre-merger figures, in his analysis of mergers involving Indian private companies from 1999 to 2002. Similarly, Ghosh and Dutta (2015) analyzed 10 Indian banking M&As from 2000 to 2010 and found negligible changes in the banks' financial performance throughout the post-merger period. Kalra et al. (2013) also studied M&As in Indian banks from 2000 to 2011, concluding that these M&A deals have not added significant value to the banks' profitability. In his comparative analysis of the long-run profitability of the Indian banks from 2003-04 to 2013-14, Patel (2018) found a negative impact of the mergers on the banks' profitability. However, Aggarwal and Garg (2022) reported that 68 mergers of non-banking firms in the Indian manufacturing and services sectors from 2007 to 2012 have significantly

increased the acquirers' profitability. Moreover, as per El-Chaarani et al. (2022), conventional banks in the Gulf Cooperative Council region have generated higher profits, yet Islamic banks have generated lower profits from 2017 to 2020. Additionally, the M&As from 2011 to 2020 in the Indian real estate and construction industry resulted in significant positive advancements in the profitability of acquirers in the post-M&A period (Gupta et al., 2023). To summarize, existing studies have empirically examined the association between M&As and profitability in the Indian context. However, few studies have explicitly examined the Indian banking sector in this regard. Therefore, considering the conflicting findings, the succeeding alternate hypotheses have been formulated:

H₂: *There is a significant difference in the merged banks' post-merger and acquisition profitability relative to the pre-merger and acquisition period.*

For an economy to survive in today's competitive environment and achieve balanced growth, its banking system must have financially healthy, large-scale banks with extensive lending capacity. Firstly, NPAs are an accurate indicator of a bank's financial reliability, as they directly influence the bank's revenue, solvency, and liquidity situation. If not managed well, the steady rise in the bad loan crisis can cause stagnation in the progression of the banking system and the economy (Nidugala and Pant, 2017). Furthermore, a nation requires large banks with substantial lending capacity to achieve economies of scale, absorb shocks, and provide sufficient financial resources for its balanced development (The Economic Times, 2019). The banks' lending channel appears essential in developing countries like India, where the financial system is primarily bank-based and has limited admittance to the capital market.

Globally, various scholars have considered the effect of M&As on credit lending, size, and the NPA crisis, reporting mixed empirical findings. For example, Morgan and Samolyk (2003) stated that bank consolidation has positively improved the lending capacity of US banks. Babajide et al. (2016) also noted that the Nigerian banking sector's consolidation in 2005 significantly increased its asset base by 9 percent and lead to in a substantial increase in credit supply to the economy. Bindal et al. (2020) discovered a positive effect of the USA M&A on banks' Post-M&A size and lending capacity. Furthermore, Abdul and Ochenge (2020) investigated the bearing of M&A on the lending behavior of Kenyan commercial banks from 2003 to 2015. Merged banks enjoy the synergy benefits and pass them on to consumers through lower lending rates and increased credit availability. However, Shen et al. (2009) revealed an insignificant change in the Chinese banks' size and credit availability in the Post-M&A period. Abdelaziz and Bilel (2012) empirically examined the impact of M&As on the credit availability of Tunisian banks and discovered that M&As had a negative impact on the banks' credit availability. According to Biswas and Sinha (2022), most capital for businesses in developing economies, such as India, comes from bank loans. Bank mergers may lead to post-merger rationalization of the loan portfolio, which could negatively impact borrowers' access to credit.

In 2019, the finance minister stated that India suffers from inadequate recognition and utilization of the

institutional and legal framework, which hinders the recovery of the (NPAs) distressed assets. Hence, recapitalizing the banks, especially public ones, and implementing transformations in the banking system must ensure that rules are trailed strictly (Agarwal et al., 2020). Announcing the mega-merger of public banks in 2019 was a significant reform towards addressing the long-term NPA issue in India (Jain and Jain, 2020). Jasrotia and Agarwal (2021) agreed that Indian banking consolidation was undertaken to form large banks with enhanced credit lending capabilities to meet the higher funding needs and address the rising NPA issue. However, no studies have examined this theme and specifically examined the outcome of M&As on credit availability, size, and gross NPA crisis in the background of the Indian banks. The present study filled this research gap by investigating the change in the banks' credit availability, size, and NPAs due to M&A activity. Therefore, given the findings thus far, the alternate hypotheses are as follows:

H₃: *There is a significant difference in the merged banks' post-merger and acquisition credit availability relative to the pre-merger and acquisition period.*

H₄: *There is a significant difference in the merged banks' post-merger and acquisition size relative to the pre-merger and acquisition period.*

H₅: *There is a significant difference in the merged banks' post-merger and acquisition gross NPA relative to the pre-merger and acquisition period.*

3. RESEARCH METHODOLOGY

3.1 Data gathering

The present research examined M&A deals of Indian banks. The M&A deals in the Indian banking sector were identified grounded on two criteria: firstly, the deals had to be in the banking sector, excluding financial sector deals; and secondly, the deals had to result in the acquisition of a majority or controlling stake. Lastly, the period considered was from 2015 to 2019, as the Indian banking sector experienced its first and most significant wave of mega-mergers, resulting in 12 public sector banks, down from 27 earlier (The Hindu, 2021). The other reason was to emphasis on the latest M&A deals and consider the obtainability of three-year Post-M&A financial data of the merged banks. 8 M&A deals were identified from the official site of the RBI, the central bank of India, merging 24 banks into 8 banks (Table 4).

Table 4: M&A deals in the Indian banking sector (2014-2019)

M&A Case	Announcement Year	Effective Year	Acquirer	Target	Number of banks involved	Acquirer market capitalization 2024 Billion USD	Acquirer size (total assets) 2024 Billion USD	Sector
1	2014	2015	Kotak Mahindra Bank	ING Vyasa Bank	2	43.46	96.41	Private
2	2016	2017	State Bank of India (SBI)	State Bank of Travancore, Bikaner, and Jaipur, Hyderabad, Mysore, Patiala, Bhartiya Mahila Bank	7	77.01	832.71	Public
3	2018	2019	Bank of Baroda	Vijaya Bank and Dena Bank	3	13.50	206.93	Public
4	2018	2018	IDFC	Capital First Limited	2	5.29	38.35	Private
5	2019	2020	Union Bank of India	Andhra Bank and Corporation Bank	3	9.51	170.70	Public
6	2019	2020	Punjab National Bank (PNB)	Oriental Bank of Commerce and United Bank of India	3	13.00	90.29	Public
7	2019	2020	Indian Bank	Allahabad Bank	2	7.83	97.62	Public
8	2019	2020	Canara Bank	Syndicate Bank	2	10.18	194.41	Public

Source: Authors' compilation

Data source: rbi.org.in, companiesmarketcap.com

The current study investigated the motivating intentions and performance effects of Indian banking M&As from 2015 to 2019. The intentions behind the M&A deals have been analyzed using the primary data. For this purpose, a list of 9 possible intentions for undertaking an Indian banking M&A was identified to design a questionnaire by reviewing the previous M&A literature. A pilot survey was conducted, and the questionnaire was face-validated by academicians from educational institutions. The institutional review board permitted the corresponding author to gather data with an authority letter. Questionnaires were disseminated to the target respondents using the following modes: physical visits to the respondents and the use of Google Forms, disseminated via email and social media (LinkedIn). The target respondents were personnel holding various managerial positions (top, senior, and middle) at the merged Indian banks in the emerging regions of India, specifically Punjab, NCR (National Capital Region), Mumbai, Bengaluru, and Chandigarh. These banks include Kotak Mahindra Bank, SBI, Bank of Baroda, IDFC, Union Bank of India, PNB, Indian Bank, and Canara Bank. According to Wooldridge et al. (2008), managers at various levels in the merged organizations have access to confidential information and possess in-depth knowledge of the M&A process, Available online at: <https://jtar.org>

including its intentions and planning. Respondents were requested to specify their relative belief in the nine intentions for the underlying deals on a five-point Likert scale (1= 'strongly disagree,' 5 = 'strongly agree'). The data was collected from September 2020 to December 2022. A simple random sampling technique was utilized to gather the data. 250 questionnaires were distributed, and in return, 100 respondents answered the questionnaire, yielding a response rate of 40 percent despite multiple reminders and follow-up visits. The present study is exploratory research that focuses on a specific subgroup: managerial personnel working in merged banks involved in M&A deals. This represents a hard-to-reach, specialized group that hesitates to provide information due to the sensitive nature of the deals. Despite their consistent hesitancy to fill out the questionnaire, the study's sample size managed to cover a broad spectrum of informed participants. In the past, Cycyota and Harrison (2006) meta-analyzed the response rates of 231 studies that surveyed top managers from 1992 to 2003, revealing declining response rates over the years. Similarly, Bauer and Matzler (2014) conducted a survey of managers from acquiring firms and reported a response rate of 20.23%. The 100 respondents consisted of 77 males and 23 females. Of the 100, 52 belonged to the middle management level, 28 to the senior level, and

20 were top managers. The top-level managers included general managers, deputy general managers, senior vice presidents, vice presidents, assistant vice presidents, and zonal and regional heads. Senior-level managers comprised assistant general managers and chief managers, while middle-level managers included senior and branch managers. The authors collected data from respondents working at various management levels in the merged Indian banks to obtain a diverse and comprehensive range of perspectives. This study's significant advantage lies in generating generalized insights through a well-strategized sample with diverse perspectives, thereby facilitating a thorough understanding of the subject and making informed decisions.

3.2 Data analysis methods

Since the questionnaire's responses to the Likert scale question are composed of ordinal data with non-parametric properties (Abu et al., 2019), the normal

distribution cannot be applied to non-parametric data. Hence, parametric measures such as standard deviation, mean, and variance, used in parametric tests to analyze parametric data, cannot be applied to measure the central tendency of non-parametric data. Instead, the median has been used to assess the ordinal and numeric variables with skewed distributions. Moreover, the one-sample Wilcoxon signed-rank test is an alternative to the one-sample parametric t-test for ordinal data with non-normal distribution, assuming symmetry in the distribution of differences within pairs (Derryberry et al., 2010). This test establishes whether the population median varies from the median assumed in the study. Hence, the one-sample Wilcoxon signed-rank test would be the most suitable method to exploit the ordinal nature of survey data and identify the significant intentions that motivated Indian banking M&A from 2015 to 2019 at a 0.05 significance level. As the five-point Likert scale was utilized to gather data, the mid-value of three was taken as the hypothesized median.

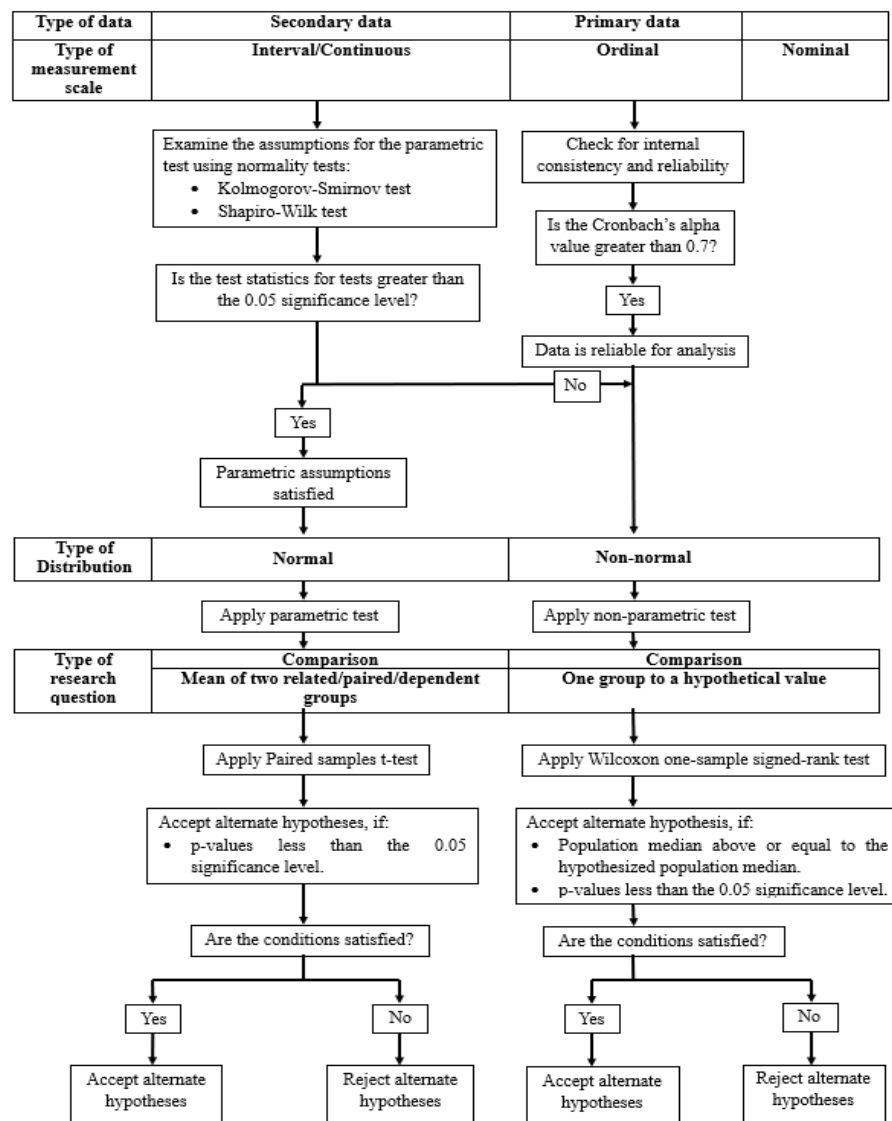


Figure 2: Process chart outlining the data analysis

Source: Authors' compilation

For measuring the performance impacts of M&As, the authors examined the change in the size (measured by asset size), credit availability (measured by advances), profitability (measured by net profits), and gross NPAs of the merged banks by comparing the inflation-adjusted average of 3 years prior to and later M&A using the paired-samples t-test. Applying inflation-adjusted averages of the three years preceding and following M&A helps ensure that the performance evaluation is not skewed by temporary changes or fluctuations in price levels. By accounting for inflation, these financial metrics accurately represent the genuine growth or reduction in financial performance. Moreover, a paired samples t-test is a parametric statistical method employed to compare the means of two related/paired/dependent groups or measurements obtained from the same subjects or matched pairs, assessing whether a significant difference exists between them (Rietveld and Van Hout, 2017). The selected performance metrics are grounded in accounting disclosures under Ind AS and RBI prudential norms. The methodology employed ensures that the empirical evaluation aligns with RBI's mandatory accounting

disclosure requirements, thereby facilitating regulatory comparability. Table 5 highlights the relationship between each chosen performance metric and corresponding accounting measures and regulatory standards, thus promoting transparency and comparability. Consequently, the evaluation not only complies with the disclosure standards of Ind AS and RBI regulations but also ensures reliability and robustness in assessing the genuine influence of M&As on the Indian banks. For this purpose, secondary data for the previous 6 years was obtained from the website of the RBI. According to Morosini et al. (1998), generally, the first two years of an M&A are adequate for accomplishing the integration process and are most crucial for its improved performance. However, the current study employed a 6-year period, consisting of 3 years prior and 3 years later the effective year for all the deals. The year the M&A implementation was completed was taken as the effective year. Figure 2 outlines the complete process chart for the present study, detailing thresholds, hypothesis testing, and data analysis decisions related to both objectives.

Table 5: Alignment of Selected M&A Performance Metrics with Accounting Disclosure Requirements for Banks under Ind AS and RBI Norms

Post-M&A Performance Metric	Accounting Metrics in Financial Statements	Relevant Ind AS/ RBI Norms Requirement
Profitability (Net profits)- shows the efficiency of Post-M&A operations	Reported in Statement of Profit and Loss as "Profit for the year" after accounting for tax and provisions	• Ind AS 1- Presentation of Financial Statements (Format and disclosure of profit/loss) • Ind AS 103- Business Combinations (acquisition costs, goodwill, fair value adjustments) • Ind AS 12- Income Taxes (tax effects on reported profits) • Ind AS 36- Impairment of Assets (goodwill impairments) • RBI prudential norms on income recognition and profit appropriation.
Size (Asset size)- captures the overall scale of operations Post-M&A	Reflected in the Balance Sheet under "Total Assets." Shows the scale of operations	• Ind AS 1- Presentation of Financial Statements (balance sheet structure and reporting) • Ind AS 103- Business Combinations (recognition of acquired liabilities and assets at fair value)
Credit Availability (Advances)- reflect credit expansion Post-M&A	Displayed under Assets in the Balance Sheet as "Loans and Advances."	• Ind AS 1- Presentation of Financial Statements (balance sheet structure and reporting) • Ind AS 103- Business Combinations (fair value recognition of acquired advances book) • Ind 109- Financial Instruments (recognition and measurement of loans) • RBI disclosure norms on lending
Gross NPA- indicates asset quality and risk	Disclosed under Notes to Accounts as per RBI prudential norms.	• Ind AS 1- Presentation of Financial Statements (Notes to Accounts) • Ind AS 103- Business Combinations (write-down or reclassification of stressed assets at acquisition date, acquired contingent liabilities may change reported NPAs) • Ind AS 109- Financial Instruments (Impairment and expected credit loss model), • RBI prudential norms on NPA recognition, provisioning, and asset classification

Source: Authors' compilation from different sources (Ministry of Corporate Affairs, 2015; Reserve Bank of India, 2021)

The current study employed a three-tier methodological approach. Firstly, the possible intentions driving bank M&As were explored through past literature, supported by the questionnaire survey results, and then triangulated by secondary data analysis. This triangulation enabled the usage of manifold data sources, thereby enhancing the study's reliability and validity and reducing the likelihood of bias. The primary

(survey) and secondary data have been analyzed using the standard research software, Statistical Package for Social Sciences (SPSS). Furthermore, to enhance authenticity, comments from banking sector experts on M&As, published in leading digital news portals, were also utilized to support the research results in the Discussion section.

4. ANALYSIS OF RESULTS

4.1 Intentions Behind the Banking Sector M&As

Table 6: Intentions for bank M&As

Intentions for bank M&As	Items Code
Synergy Realization	IS
Efficiency-seeking intentions	IE
To enhance size to become globally competitive	ISG
To have better NPAs and risk management	IN
To meet the funding needs of the economy	IF
To increase the revenue of the bank	IR
Market seeking intentions	IM
To offer quality products and services	IQ
To enhance the technological resources	IT

Source: Authors' analysis

Table 7: Intentions for Indian Bank M&A deals

Wilcoxon one-sample signed-rank test					
Hypothesized Median = 3					
Serial No.	Null Hypothesis	N	p-value	Median	Findings
1	Median of IR = 3.000	100	0.000***	4	Null hypothesis rejected
2	Median of IS = 3.000	100	0.000***	4	Null hypothesis rejected
3	Median of IM = 3.000	100	0.000***	4	Null hypothesis rejected
4	Median of IE = 3.000	100	0.000***	4	Null hypothesis rejected
5	Median of IT = 3.000	100	0.001***	3	Null hypothesis rejected
6	Median of IN = 3.000	100	0.000***	4	Null hypothesis rejected
7	Median of ISG = 3.000	100	0.000***	4	Null hypothesis rejected
8	Median of IQ = 3.000	100	0.000***	4	Null hypothesis rejected
9	Median of IF = 3.000	100	0.000***	4	Null hypothesis rejected

Source: Authors' own analysis

Note: Significance level is 0.05. ***p < 0.05.

First, the questionnaire responses were tested for reliability using Cronbach's alpha. The alpha coefficient for the 9-item intention scale was 0.834, indicating high internal consistency and reliability in the data (Hair et al., 2019). The intentions for bank M&As and their item codes have been displayed in Table 6. The collected data were analyzed using the one-sample non-parametric test, specifically the Wilcoxon one-sample signed-rank test, which was applied to the survey data of 100 respondents to determine the significance of the intentions at a 0.05 significance level. The authors examined if the population's median substantially varies from the hypothetical median, at a 0.05 confidence level for N = 100. The hypothetical population median was 3, as the five-point Likert scale was used in the questionnaire. The hypothetical population median

represented a neutral view reflecting neither agreement nor disagreement on a particular M&A intention. As depicted in Table 7, for all intentions except one, the population median was significantly above the neutral response or the hypothesized population median, with p-values lesser than 0.05, indicating statistical significance. This concluded that respondents strongly agreed that all the intentions, namely synergy realization, efficiency-seeking intentions, to enhance size to become globally competitive, have better NPAs and risk management, meet the funding needs of the economy, increase the revenue of the bank, market seeking intentions, and offer quality products and services were significantly responsible motivator for the Indian bank M&A from 2015 to 2019. In the case of the intention to enhance technological resources, the population median equals

the neutral response or the hypothesized population median. However, as the p-value is smaller than 0.05, this intention also emerged as a noteworthy motivator for Indian banks to engage in M&As. Therefore, the authors accepted the alternative hypothesis, as for all

intentions and purposes, the p-values were less than 0.05, with respondents strongly agreeing that all nine intentions have played a significant role in motivating Indian bank M&As from 2015 to 2019.

4.2 Post-M&A Performance Evaluation

Table 8: Data Normality Test

	Pre-M&A	Post-M&A
N	8	8
Mean	467.659	500.636
Standard Deviation	327.741	493.212
Kolmogorov-Smirnov	0.200	0.200
Shapiro-Wilk	0.345	0.088

Source: Authors' own analysis

Note: a. Test distribution is Normal

The secondary data possess the properties of an interval scale, and, prior to analysis, were tested for normality to determine an appropriate test for application. Normality is the initial assumption for applying various parametric tests, such as t-tests. The Kolmogorov-Smirnov and Shapiro-Wilk tests were employed to measure the normality of the data concerning the financial variables of Indian banks, as shown in Table 8. Normality depends on the p-value calculated by the test. The test statistics for both the Kolmogorov-Smirnov and Shapiro-

Wilk tests exceed the 0.05 significance level for both the Pre- and Post-M&A periods (Table 8). Based on both tests, it can be determined that the data is distributed normally. Hence, given the nature of the data, a parametric test like the paired sample t-test is applied for analysis. A paired sample t-test is a statistical tool that matches the means of two independent periods or groups. It is widely utilized when researchers are interested in analyzing the variance in the Pre- and Post-period data.

Table 9: Pre-M&A and Post-M&A Performance Evaluation on Financial Metrics Basis

Paired-samples t-test								
Financial Parameters	Pre-M&A (Means)	Post-M&A (Means)	Pre-Post M&A (Means)	Pre-Post M&A (SD)	t	p-value	Hypothesised Relation	Findings
Profitability	-7.038	20.825	-27.863	63.562	-1.240	0.255	NS	NS
Size	7.404	7.951	-0.548	2.162	-0.716	0.497	NS	NS
Credit Availability	4.539	4.803	-0.265	0.553	-1.355	0.218	NS	NS
Gross NPA	538.646	426.629	112.018	89.089	3.556	0.009	NS	NS

Data source: Reserve Bank of India (RBI)

Source: Authors' analysis

Note: *p < 0.05, **p < 0.01, ***p < 0.001

NS = Not Significant, S = Significant

The current study evaluated M&A performance in two parts: on a financial metrics basis and then on an individual bank basis. In the first part, the analysis concerns the Pre-M&A and Post-M&A performance evaluation of merging banks on a financial metrics basis (Table 9). A paired sample t-test was applied to compare the Pre- and Post-M&A data concerning the banks that have gone through M&A from 2015 to 2019. The findings revealed that the paired mean difference between Pre- and Post-M&A for profitability is -27.863, indicating a significant change in profitability position, as the M&A enabled loss-making banks to earn profits through joint synergy. However, the difference is not statistically significant as the p-value of 0.255 is larger than 0.05. For the second financial metric, size, the

paired mean difference is -0.0548, reflecting a decrease in the size of the merged banks as M&A combined their asset bases. However, the improvement is not significant, as the p-value (0.497) is larger than 0.05. For the third financial metric, which is credit availability, the mean difference is -0.265. This indicates that after the M&A, the bank's credit facilities to its consumers improve due to the merged loan book. However, the improvement is insignificant because the p-value (0.218) is more than 0.05. One of the major intentions of merging banks was to reduce the Gross NPAs. Lastly, a major reduction has been seen in the Gross NPAs for the Pre-M&A period compared to its Post-M&A period, which is a drastic change in a positive direction. Nevertheless, this change remains insignificant, as the p-

value (0.009) exceeds 0.005. Although not statistically significant, improvements have been observed in all four of the above financial metrics. To conclude, grounded

on the paired samples t-test results, it can be resolved that M&A failed to bring a noteworthy improvement in all four financial metrics.

Table 10: Pre-M&A and Post-M&A Performance Evaluation on an Individual Bank Basis

Paired-samples t-test									
M&A Case	Merged Banks	Pre-M&A (Means)	Post-M&A (Means)	Pre-Post M&A (Means)	Pre-Post M&A (SD)	t	p-value	Hypothesised Relation	Findings
1	Kotak Mahindra Bank and ING Vysa Bank	11.661	11.025	0.636	7.885	0.161	0.882	NS	NS
2	State Bank of India and Bhartiya Mahila Bank, State bank of Hyderabad, Travancore, Mysore, Bikaner and Jaipur, Patiala	378.138	408.455	-30.318	132.534	-0.458	0.678	NS	NS
3	Bank of Baroda and Dena Bank and Vijaya Bank	110.287	135.750	-25.463	30.219	-1.685	0.191	NS	NS
4	IDFC and Capital First Limited	6.698	0.928	5.770	7.852	1.470	0.238	NS	NS
5	Union Bank of India and Corporation Bank and Andhra Bank	110.125	171.590	-61.456	75.172	-1.635	0.200	NS	NS
6	Punjab National Bank and United Bank of India and Oriental Bank of Commerce	130.373	204.158	-73.785	100.263	-1.472	0.237	NS	NS
7	Indian Bank and Allahabad Bank	32.460	79.030	-46.570	63.535	-1.466	0.239	NS	NS
8	Canara Bank and Syndicate Bank	83.328	133.518	-50.190	66.829	-1.502	0.230	NS	NS

Data source: Reserve Bank of India (RBI)

Source: Authors' analysis

Note: *p < 0.05, **p < 0.01, ***p < 0.001

NS = Not Significant, S = Significant

The second part of the analysis showed the performance evaluation of the Pre- and Post-M&A period on an individual bank basis (Table 10). In this part, the authors analyzed the complete sample set of the banks using the paired sample t-test. Findings revealed that merged banks (M&A cases 1 and 4) have experienced insignificant deterioration in their financial health in the Post-M&A period. Regarding these merged banks, the mean difference between the pre- and Post-M&A periods is insignificant, as the p-values are greater than 0.05. Although some merged banks (M&A cases 2, 3, 5, 6, 7, and 8) have experienced positive financial progress, this progress was not statistically significant, as indicated by their p-values, which show no significant change. Across the entire data set, the p-values were larger than 0.05, indicating a significance level of 0.05. These findings, thus, indicated the failure to support the alternate hypotheses, suggesting no significant influence of M&A on the merged banks' financial performance in the Post-M&A period.

While the paired samples t-test outcomes displayed that Post-M&A changes in financial metrics, like

profitability, asset size, advances, and Gross NPAs, were statistically insignificant, these outcomes cannot be interpreted in isolation. These changes may also be influenced by accounting standards and regulatory disclosure requirements rather than pure operational performance. To better comprehend these impacts, Table 11 maps each financial metric against the relevant Ind AS and RBI prudential norms, highlighting how these might have affected observed performance results (Ministry of Corporate Affairs, 2015; Reserve Bank of India, 2021). For instance, profitability differences may be affected by recognition and measurement principles outlined in Ind AS 1 - Presentation of Financial Statements and Ind AS 12- Income Taxes, where adjustments for deferred taxes, bad debt provisions, and impairment recognition under Ind AS 36 can either negatively or positively influence earnings regardless of actual operational synergies. Likewise, the rise in asset size noted after M&As is a result of consolidation regulations specified in Ind AS 103- Business Combinations and Ind AS 110- Consolidated Financial Statements, which necessitate the merging of the balance

sheets of the involved entities, consequently inflating total assets. In terms of advances, while the combined loan portfolio appears larger, the way these advances are recorded, derecognized, and evaluated under AS 109- Financial Instruments determines how much of the portfolio is classified as standard, substandard, or restructured. Lastly, fluctuations in Gross NPAs following M&A may result from updated RBI prudential guidelines and the reclassification of assets as per Ind AS 109- Financial Instruments, which requires expected credit loss (ECL) provisioning, thereby impacting reported NPAs. To summarize, these results

emphasized that accounting measurement standards and regulatory disclosure requirements can have a large influence on the studied financial metrics. Consequently, the negligible statistical improvements observed in the present study may be partially attributed to the effects of regulatory reclassification, provisioning, and measurement norms, rather than reflecting the true economic performance of the merged banks. This strengthens the necessity to interpret Post-M&A performance within a broader context, rather than relying solely on raw financial data.

Table 11: Regulatory and Accounting Impacts on Post-M&A Financial Metrics

Post-M&A Performance Metric	Observed Post-M&A Performance	Relevant Ind AS/RBI norms	Regulatory/Accounting Impact
Profitability (Net profits)	Mean difference negative (losses turning to small profits), but statistically insignificant	• Ind AS 1- Presentation of Financial Statements • Ind AS 12- Income Taxes • Ind AS 36- Impairment of Assets • Ind AS 103- Business Combinations	Profits may be impacted by impairment charges, deferred tax, provisioning, and acquisition costs. Reported performance may diverge from operational reality.
Size (Asset size)	Increase in merged banks' asset base (statistically insignificant)	• Ind AS 1- Presentation of Financial Statements • Ind AS 103- Business Combinations • Ind AS 110- Consolidated Financial Statements	Reported asset base expands due to accounting consolidation, not necessarily reflecting organic growth.
Credit Availability (Advances)	Slight improvement in lending capacity Post-M&A (statistically insignificant)	• Ind AS 1- Presentation of Financial Statements • Ind AS 103- Business Combinations • Ind 109- Financial Instruments • RBI prudential norms on advances	Advances affected by recognition/deregulation rules and RBI classifications. Growth may be partly regulatory driven.
Gross NPA	Reduction, but statistically insignificant	• Ind AS 1- Presentation of Financial Statements • Ind AS 103- Business Combinations • Ind 109- Financial Instruments (expected credit loss (ECL) model) • RBI prudential norms on advances	Gross NPA reduction may stem from provisioning, write-offs, or regulatory reclassification rather than improved recovery performance.

Source: Authors' compilation from different sources (Ministry of Corporate Affairs, 2015; Reserve Bank of India, 2021)

Note: Ind AS 1- Presentation of Financial Statements and Ind AS 103- Business Combinations are overarching standards that influence all financial metrics, whereas other Ind AS (such as 109, 36, 12) and RBI prudential norms are more applicable to specific metrics.

5. DISCUSSION

As the frequency of business combinations increased due to financial reforms in the 1990s, they had a multifaceted impact on merging organizations and the economy.

5.1. Intentions behind Banking Sector M&As

Past studies have studied developed nations such as the United Arab Emirates, Italy, North America, the Pacific Rim, and the European region (Focarelli et al., 2002; Group of Ten, 2001; Darayseh and Alsharari, 2023).

The role of emerging nations with evolving markets has been largely overlooked. Hence, the present study examined the intentions driving M&As in Indian banks. Findings reported that M&As are not driven by a single intention, but rather by several. These highlighted the significance of the multiple motives theory in driving an M&A deal (Kreidl and Oberndorfer, 2004; Nguyen et al., 2012).

Synergy realization appears to be the primary intention for Indian banking M&As. These results resonated with the acquirer's intentions in M&A case 5 to reap synergy

benefits of more than 2500 crore in the three years following the merger (The Times of India, 2020). Similarly, M&A cases 1 and 2 were undertaken to enjoy the synergy benefits of the merging entities combined operational, financial, managerial, and technological competencies (Kumar et al., 2019; Cappa et al., 2022). The outcomes indicated that *efficiency-seeking intentions* were the other most significant intention for undertaking M&As. According to The Economic Times (2017), M&A case 2 is expected to yield more than Rs. 1000 crore in recurring savings in the first year of the combination, due to reduced funding costs and improved operational efficiency. Smirnova (2014) and Gandhi (2016) have also opined that potential efficiency gains resulting from lower service costs, a 'one-stop-shop' approach, and higher service quality urge most banks to pursue consolidations (M&A cases 1, 2, 4, and 8). *Exercising better NPAs and risk management* was the next crucial intention for engaging in M&As. To minimize the financial instability in the banking sector, mega-mergers were employed as a reform to resolve the NPA crisis of public banks in M&A cases 2, 3, and 6 (The Economic Times, 2019; Muhammad et al., 2019). Additionally, in M&A case 2, consolidation led to improved risk management and unified treasury processes through intensive monitoring and regulated cash flows. Another significant intention was to *increase the size to become globally competitive*. As per the finance minister, the mega-merger (M&A cases 3, 5, 6, 7, and 8) was aimed at forming a few national lenders of a global scale with the capability to absorb shocks, yield economies of scale, and raise resources without excessive reliance on the treasury (The Economic Times, 2019). Additionally, the six-way mega-merger (M&A case 2) enabled the acquirer to secure a place among the top 50 global banks by asset size in 2017 (The Hindu, 2017). These results align with Ezeoha's (2011) contention that the desire to grow in size to compete globally has been a consistent motivator behind banking M&As.

The outcome revealed that banks undertake M&A to meet *the economy's growing funding needs* is also a significant motivating intention. In M&A case 1, the acquirer accessed the target's best-in-class SME banking business and diversified its corporate lending portfolio (Business Standard, 2014). Similarly, the acquirer with a retail banking background merged with the target, a significant lender, to diversify its lending business (M&A case 3). Moreover, the 2019 mega-merger (M&A cases 3, 5, 6, 7, and 8) was intended to create large-sized lenders to resolve the bad loan clean-up situations and support the economy's surge to become a \$5 trillion economy (The Economic Times, 2019). According to Mint (2017), the SBI mega-merger with its five associates will make it a global lender with assets of Rs. 37 trillion, featuring high-value credit exposure (M&A case 2). Consistent with these results, Abdul and Ochenge (2020) opined that larger banks are more competent lenders, as their size enables them to gain the benefits of cost-cutting and expand their portfolios to lend at lower

rates, thereby offering a higher credit supply. *Increasing the bank's revenue* was also a strongly cited intention for bank M&As. As stated by the finance minister, the Indian mega-mergers fulfilled their intended purpose and succeeded in improving the profitability of the merged public sector banks on a combined basis (The Economic Times, 2019). Previous research voiced similar intentions, claiming that banks naturally prefer mergers to earn more profits by selling to a broader segment of clients (Focarelli et al., 2002; Aggarwal and Garg, 2022). Following that, *market-seeking intentions* were found to be significant in bank M&As. Given the strong geographic complementarity between the merging banks, M&A offered the acquirer a widespread pan-India network (M&A cases 1, 2, and 8). These conclusions match those of Kreidl and Oberndorfer (2004) and Chava et al. (2013), who suggest that financial deregulation enables banks to penetrate new markets and influences their market power, thereby affecting credit supply and economic growth. The next significant intention was to *offer quality products and services*. In M&A case 1, banks benefited from consolidation as it provided expertise, customization, and diversification across customer segments and products. These results were in harmony with the prior studies that M&A offers an opening for financial entities to enhance the customer experience by providing better quality and a wider variety of products and services (Majumdar et al., 2013; Alvarez-González and Otero-Neira (2023). Another important intention was to *enhance technological resources and knowledge* through M&As. In M&A case 1, the acquirer leveraged the target's digital banking strengths and expertise in the international corporate banking business. These results aligned with previous findings that banks often reinforced their technological and financial capabilities to procure high-value and high-quality products and services by embracing M&A (Cappa et al., 2022; PricewaterhouseCoopers, 2020).

5.2. Post-M&A Performance Evaluation

Earlier studies on the performance impacts of M&As often depend on independently examining stock market responses or financial results. As every deal is different and involves a variety of subjective and objective intentions, measuring performance using standardized methods cannot provide a trustworthy basis, thus giving contradictory results. Consequently, it becomes quite a challenge to decide if M&As are successful or not. In response, the current study recommends that M&A intentions can aid as a rational basis for determining the deal's worth and evaluating the outcomes of the conducted M&As. The model developed in the current study will assist acquiring organizations in better evaluating the performance effects of motivating intentions and their realization in the future.

The present study observed the performance effects of India's biggest mega-mergers from 2015 to 2019. The present study implied that the Post-M&A performance evaluation process connects the performance evaluation

with the criteria for initiating the deal. As a result, performance evaluation relies on the intention-defining process. Hence, performance effects can be evaluated based on the M&A intentions and their realization in the future. This approach is consistent with the evaluation theory adopted in past studies, which aim to connect intentions with performance outcomes (Hassan et al., 2018; Rani et al., 2020). The current study conducted an exhaustive analysis of the result of M&A on the merged banks' Post-M&A performance in 2 parts: on financial metrics and on an individual bank basis. On the financial metrics basis, results revealed that M&As cause an insignificant enhancement in the merged banks' Post-M&A period profitability and credit availability (Kalra, Gupta and Bagga, 2013; Shen, Shen and Bai, 2009). However, some studies contradict the findings of this study (Aggarwal and Garg, 2022; Gupta et al., 2023). Additionally, M&As result in a negligible decrease in the Gross NPAs of the merged banks in the Post-M&A period, and these conclusions are consistent with those of Abdul and Ochenge (2020) and Bindal et al. (2020). An insignificant improvement was seen in the size of the merged banks in the Post-M&A period. These findings were inconsistent with those reported in prior studies (Bindal et al., 2020; Babajide et al., 2016).

On an individual bank basis, findings revealed no substantial enhancement in the financial performance of any merged bank three years Post-M&A period. These results aligned with the earlier studies (Kalra et al., 2013; Ghosh and Dutta, 2015; Patel, 2018). Indian merged banks could not achieve their predetermined objectives for which the Mergers and Acquisitions were initiated. Thus, the present study suggests that M&As in India have not met the general expectations and pre-M&A claims of improved performance.

5.3 Implications for Accounting Theory and Practice under Regulatory Developments.

The findings indicate that the Post-M&A performance of the merged banks is influenced not only by economic outcomes but also by the interplay of regulatory and accounting frameworks. Key financial metrics, like profitability, asset size, advances, and Gross NPAs, which are often used to evaluate M&A, were significantly influenced by the guidelines set forth by the Ind AS and the prudential norms of the RBI.

From an academic perspective, the current research aligns with the conceptual framework for financial reporting (CFFR), particularly its dual objectives of providing decision-usefulness and maintaining stewardship. While financial statements are designed to assist stakeholders in making informed economic choices, findings suggest that the insignificant improvements reported following the M&A are recurrently motivated by accounting practices moderately than operational performance. This raises an important question about the adequacy of traditional financial ratios as the sole indicators of M&A success, highlighting the necessity for frameworks that recognize both regulatory influences and genuine economic

impacts. From a practical standpoint, Indian banking M&As, often influenced by regulations, illustrate how prudential standards, provisioning guidelines, and disclosure requirements can alter Post-M&A performance outcomes. For instance, a reduction in Gross NPAs might simply reflect a regulatory reclassification under the RBI's income recognition and asset classification (IRAC) norms, rather than an actual recovery. Conversely, perceived changes in asset size could arise from the consolidation rules specified in Ind AS 103. This suggests that conventional accounting analysis, which primarily focuses on reported profits or growth on the balance sheet, may not accurately represent Post-M&A performance if regulatory factors are not explicitly accounted for. Therefore, the proposed model promotes the development of hybrid evaluation frameworks that integrate M&A intentions, regulatory norms, and Ind AS. The intention-linked evaluation model proposed in this study enhances the M&A literature and has key implications for accounting theory and practice in an evolving regulatory environment. As banking M&As are increasingly shaped by regulations, conventional accounting methods for performance evaluation pose several significant limitations. The proposed model tackles these limitations by aligning strategic intentions with accounting disclosure frameworks, thereby promoting a change in how Post-M&A performance is conceptualized and evaluated. The proposed conceptual model underscores the requirement for a multidimensional approach to evaluating Post-M&A performance in the banking sector, moving beyond conventional accounting ratios. Moreover, the implications extend beyond the Indian context. As the global trend shifts towards Ind AS/IFRS-based standards and there is an increasing emphasis on prudential banking regulations (such as Basel III), the impact of accounting rules on Post-M&A reporting extends beyond India. Similar challenges are present in the United States, the European Union, and emerging markets, where consolidation in the banking sector is influenced by regulatory requirements. Consequently, the present study advocates that both scholars and practitioners adopt a globally informed perspective when evaluating performance in M&A, acknowledging that regulatory frameworks and accounting standards can significantly alter or influence financial performance metrics.

6. CONCLUSION

The banking sector is undergoing a swift transformation; nevertheless, conclusive evidence concerning the motivating intentions and performance effects of M&As remains absent. This study adds to the examination of Indian banking M&As, offering insights from an emerging market perspective, unlike previous studies that have predominantly fixated on developed nations. The present study empirically investigated and validated the motivating intentions behind the Indian banking M&As from 2015 to 2019. The questionnaire responses were evaluated using the one-sample Wilcoxon signed-

rank test. The results emphasized the multi-theoretical approach and asserted that several intentions were accountable for banking M&As. The motivating intentions included the desire for synergy realization, efficiency-seeking, enhancing size to become globally competitive, bettering NPAs and risk management, meeting the economy's funding needs, increasing the bank's revenue, offering quality products and services, and enhancing technological resources.

In recent years, significant M&As have occurred within the Indian banking sector, leading to the advent of numerous national and global players. However, a notable dearth of research exists, with major studies focusing on a few Indian studies examining these deals. Therefore, the present study empirically assessed the performance impacts of Indian banking M&As from 2015 to 2019. The study examined whether M&A helps Indian banks achieve the following four intentions: to increase the bank's revenue, meet the economy's funding needs, enhance the size to become globally competitive, and exercise better NPA and risk management. The influence of M&As on the profitability, credit availability, size, and Gross NPAs of merged banks was examined by comparing the three years pre- and post-M&A inflation-adjusted averages using paired sample t-tests. Conclusions revealed that the M&As from 2015 to 2019 resulted in minimal improvements in profitability, size, credit availability, and a reduction in gross NPAs of the merged banks over three years succeeding the M&A. Overall, except for a minor decline observed in two of the merged banks, there was an insignificant enhancement in the financial performance of the other four merged banks. To conclude, M&As did not significantly alter the financial performance of the merged Indian banks in the Post-M&A period, falling short of their projected intentions. The study empirically demonstrated that the financial performance of banks does not necessarily recover simply by engaging in M&As, casting doubt on the efficacy of M&A strategies in improving the financial health of the merged banks and indicating a need to explore alternative strategies. The Indian banking sector exhibits several distinctive characteristics that are relatively new to the M&A phenomenon. As this sector continues to evolve and pursue M&As, assessing the benefits of these individual M&A deals can be challenging. As a result, the synergies generated from M&As may take longer to materialize within the merged banks and the broader economy. Nevertheless, considering the insignificant improvements, there are optimistic projections for enhanced profitability, size, credit availability, and reduced gross NPAs in the future. Furthermore, with these mega M&A deals, competitors may feel compelled to explore M&A options to grow and strengthen their market positions. Looking forward, Indian banks may surpass their counterparts and pursue M&As with Non-Banking Financial Companies (NBFCs), Fintechs (Ghia, 2023), and foreign players.

Furthermore, the findings indicate that the Post-M&A performance of the merged banks is collectively

influenced by economic outcomes and regulatory and accounting frameworks. Key financial metrics like profitability, asset size, advances, and Gross NPAs were significantly impacted by the Ind AS and the prudential norms of the RBI. Therefore, the current research enhances accounting theory by proposing an intention-linked performance evaluation framework that merges regulatory factors with traditional financial metrics, thus improving the conceptual comprehension of Post-M&A performance. The proposed model emphasizes the need to integrate both regulatory and accounting perspectives to achieve a more precise and comprehensive evaluation. The proposed model holds considerable significance for regulators, accounting standards-setting bodies, and industry professionals, as it bridges the divide between strategic intentions and regulatory accounting disclosures. The present study emphasizes the need for accounting standard setters to enhance reporting standards to prevent the overstatement or misrepresentation of Post-M&A performance outcomes caused by accounting practices like consolidation rules or provisioning standards. For auditors, the study provides a systematic approach to evaluate whether reported gains in financial metrics genuinely represent operational synergies or are mainly the result of regulatory reclassifications. Likewise, corporate governance codes can implement this model to improve transparency and accountability, ensuring that boards and stakeholders understand Post-M&A performance, considering both regulatory factors and authentic economic conditions. By promoting a movement away from exclusive dependence on conventional ratios, the proposed model fortifies disclosure practices and aligns performance reporting with international best practices under Ind AS and regulatory norms.

7. PRACTICAL IMPLICATIONS

7.1. Theoretical Implications

The consolidation of banks through M&A represents a key trend emerging from the financial revolution, particularly in the global banking market. The current study focuses on the Indian banking M&As, offering insights specific to this emerging market, in comparison to preceding research centred on mature markets in the US and Europe. Secondly, this study enhanced our understanding of the intentions behind Indian banks' M&As. It highlighted that, due to the unique nature of the banking sector, it cannot be motivated by the same intentions that influence organizations in other sectors, such as services and manufacturing, which contributed to the specialized literature on the banking sector in relation to M&As. Thirdly, this study confirmed that decision-makers in Indian banking M&As are not guided by a single dominant intention when pursuing M&As. Instead, their decisions are motivated by multiple intentions, each with varying significance as the deal unfolds. Fourthly, the study advocated for a multi-theoretical research approach to better understand banking M&As and suggested applying this framework to other industries. Additionally, it emphasized the role

of clearly defined intentions in evaluating Post-M&A performance, thereby enriching the research on evaluation theory and M&A performance examination. Therefore, the study underscored the need to integrate M&A intentions into performance assessments for a more comprehensive evaluation of impacts. It also enhances accounting theory by proposing a multidimensional Post-M&A performance evaluation model that integrates regulatory (Ind AS and RBI norms), dual objectives of the theoretical framework for financial reporting, and M&A intentions.

7.2. Managerial Implications

The current study emphasized the role of defining M&A intentions concerning M&A deals and their connection with the Post-M&A performance assessment process. It highlighted the necessity of clearly articulating these intentions during the Pre-M&A phase, as they serve as a benchmark for a more rational evaluation of Post-M&A performance. The conclusions of this research can aid the management of acquirers in understanding the implications of M&A intentions in M&As, resulting in an effective assessment of Post-M&A performance. Additionally, the study indicated that performance evaluations encompass both Pre-M&A and Post-M&A phases. Likewise, this research will also benefit independent consulting firms and investors involved in the performance evaluation process. The proposed model also holds considerable significance for regulators, accounting standards-setting bodies, and industry professionals by bridging the divide between strategic intentions and regulatory-accounting disclosures to distinguish true operational synergies from regulatory-influenced outcomes, ensuring transparent reporting.

7.3. Social Implications

The present study enhanced the understanding of the complex phenomenon of M&As among various stakeholders. It aims to help policymakers, potential investors, shareholders, and regulators understand the fundamental motivations motivating M&A deals in the banking sector, allowing them to make rational choices. Secondly, M&A often generates an atmosphere of fear, anxiety, and stress among employees, negatively impacting work culture and leading to pessimism and decreased productivity. Similarly, hostility can also be observed among depositors and customers following M&A announcements. In response, this study intended to inform them that M&As are strategically undertaken

to elevate the performance of banks. Given the limited knowledge surrounding these intentions, exploring the perspectives of personnel from merged banks will provide a more comprehensive understanding and deeper insight into this topic.

7.3. Economic Implications

The current study emphasized the relationship between Indian banks, M&As, and their combined effect on economic development. Banks are regarded as a foundational pillar of the economy. It underscored that M&As should not be taken for granted to enhance the financial performance of merged banks. While larger banks with increased lending capacity may be formed, this does not necessarily improve profits or reduce gross NPAs. This study observed only a modest improvement in the profitability, credit lending, and asset size of the merged banks. Nonetheless, more substantial and positive results can be anticipated in the long run. Additionally, the policy regulators and management should explore alternative strategies, such as financial funding, to restore the financial health of the banking sector. Also, as improvements can be influenced by regulatory and accounting perspectives, therefore, investors could exercise caution in interpreting profitability and asset growth or NPA reductions as indicators of value creation.

8. LIMITATIONS AND POTENTIAL AVENUES FOR UPCOMING RESEARCH

Nonetheless, certain constraints of the present study need consideration. Firstly, the present research was grounded on a small sample size. Forthcoming studies should study the M&A using a larger sample to yield more robust results. Secondly, the research was based on one country, which confines its generalizability to other countries. Thirdly, it focused on investigating the motivating intentions and their realization by connecting them with the Post-M&A performance evaluation for the Indian banking M&As. Future studies would benefit from applying the proposed research model in various sectors and developing countries. This could validate the empirical conclusions of the current study and enhance the model's relevance in developing countries where M&As arise due to different intentions. Furthermore, future studies should explore other indicators/intentions for M&As, such as increasing sales, priority sector lending, liquidity, asset quality concerns, etc., which would provide a broader perspective.

Appendix

Questionnaire Survey

Dear respondent,

This study examines the intentions driving Indian banking mergers and acquisitions. Kindly rate the following intentions by marking a tick mark in the related column as per your judgment, where 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

i. Name:

ii. Indicate your gender.

Male ☐ Female ☐ Others ☐

iii. Name of the bank in which you are employed_____

iv. Specify your job title in the bank_____

Intentions	1	2	3	4	5
To increase the revenue of the bank.					
Synergy realization.					
Market seeking intention					
Efficiency seeking intention					
To enhance the technological resources.					
To have better NPA (Non-Performing Assets) and risk management.					
To enhance size to become globally competitive.					
To offer quality products and services.					
To meet the funding needs of the economy.					

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