

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 Background of the Study**

Mergers and acquisitions (M&A) are critical strategic tools used by firms to enhance competitiveness, achieve growth, and increase market share. In the banking sector, these strategies are particularly vital as they contribute to financial stability, improved efficiency, and stronger capital bases. The Nigerian banking industry, in particular, has experienced several waves of consolidation driven by regulatory reforms, globalization, technological advancements, and evolving market dynamics. The landmark consolidation exercise of 2005, mandated by the Central Bank of Nigeria (CBN), raised the minimum capital base for banks to ₦25 billion, leading to a significant reduction in the number of banks through mergers and acquisitions. One prominent example of this wave was the merger of Standard Trust Bank and United Bank for Africa (UBA), creating one of Africa's leading financial institutions with a strong presence across the continent.

Mergers and acquisitions are theorized to enhance operational capacity by pooling resources, reducing redundancies, and creating synergies. Scholars have extensively studied the impact of M&A on various aspects of organizational performance, including deposit mobilization and liquidity management. For instance, Berger et al. (1999) argued that M&A improve operational efficiency and create economies of scale, enabling firms to allocate resources more effectively. Similarly, Altunbas and Ibanez (2004) emphasized the role of consolidation in reducing systemic risks and strengthening financial stability, particularly in developing economies. On the other

hand, Ghosh (2001) highlighted the role of M&A in enhancing liquidity and capital adequacy, which are critical for sustaining long-term growth and mitigating financial crises.

In the Nigerian context, studies such as those by Olagunju and Obademi (2012) and Olalekan and Adeyemo (2013) provide insights into how M&A affect profitability and efficiency in the banking sector. However, empirical investigations into the specific effects of M&A on deposit mobilization and bank liquidity remain sparse. This gap is significant, given that deposit mobilization is the cornerstone of banking operations, and liquidity management is crucial for maintaining solvency and meeting regulatory requirements. The merger of UBA and Standard Trust Bank provides a unique case to explore these dynamics, as the newly formed entity emerged as a dominant player in Nigeria and across Africa, with an expanded customer base and asset portfolio.

Furthermore, Furlong and Krainer (2021) and Amidu and Wolfe (2020) have shed light on the interplay between M&A and financial inclusion, suggesting that well-executed mergers can enhance customer confidence, improve access to banking services, and attract deposits from previously unbanked populations. These findings underscore the importance of evaluating the post-merger performance of UBA, particularly in terms of its ability to mobilize deposits and maintain liquidity in a competitive and regulatory-intensive environment.

Despite the theoretical and practical advantages of M&A, challenges such as integration inefficiencies, cultural mismatches, and customer attrition can undermine their intended benefits. In the case of UBA, the merger's success depends on how effectively these challenges were

addressed and whether the intended synergies translated into tangible improvements in deposit mobilization and liquidity management.

Mergers and acquisitions (M&A) are globally recognized as strategic financial tools used by firms to achieve corporate restructuring, growth, and improved performance. In the banking industry, M&A are especially important due to the sector's sensitivity to economic cycles, policy reforms, and the necessity of maintaining public confidence. These strategic transactions not only foster financial stability but also contribute to improved technological adoption, broader customer reach, and better asset-liability management.

The empirical impact of such mergers on core banking functions like deposit mobilization and liquidity management remains a subject of debate. Deposit mobilization is crucial for a bank's capacity to fund loans and generate revenue, while liquidity ensures a bank can meet its short-term obligations and maintain customer trust. Although mergers may enhance a bank's capital base and operational scale, the actual outcome on deposit levels and liquidity ratios varies depending on integration strategies, customer perception, and market response.

Research by Uwalomwa et al. (2020) and Adegbite & Bello (2022) suggests that while mergers in Nigeria have led to increased profitability for some banks, others have struggled with post-merger inefficiencies, cultural mismatches, and poor change management. This underscores the need for case-specific analysis to understand the true impact of M&A. By focusing on UBA, this study aims

to provide a deeper understanding of how mergers affect the ability of banks to mobilize deposits and maintain liquidity a topic that remains underexplored in Nigerian banking literature.

## **1.2 Statement of the Problem**

Despite the strategic intent behind mergers and acquisitions (M&A) in the Nigerian banking industry such as strengthening capital bases, achieving economies of scale, and enhancing competitiveness their actual impact on critical performance indicators like deposit mobilization and bank liquidity remains a subject of debate among scholars, practitioners, and regulators.

Proponents argue that mergers can enhance customer confidence, attract new deposits, and improve a bank's liquidity position by pooling resources and reducing redundancies. From this perspective, M&A are seen as a pathway to financial stability, innovation, and expanded outreach. However, critics highlight several post-merger challenges, including cultural clashes, integration difficulties, branch rationalization, and customer dissatisfaction arising from changes in service delivery, all of which could negatively impact a bank's ability to mobilize deposits and maintain optimal liquidity levels.

The merger between Standard Trust Bank and United Bank for Africa (UBA) in 2005, under the Central Bank of Nigeria's banking consolidation directive, created one of the largest and most visible financial institutions on the African continent. The newly merged entity benefited from an enlarged customer base, stronger capital reserves, and expanded geographical coverage.

Nevertheless, the effectiveness of this merger in translating structural expansion into improved deposit mobilization and sound liquidity management remains an open question.

While UBA's post-merger growth suggests some positive outcomes, it is unclear whether these achievements are directly attributable to the merger or to other external factors such as regulatory shifts, macroeconomic trends, or competitive dynamics within the banking sector. Moreover, there is limited empirical evidence that rigorously evaluates UBA's liquidity ratios and deposit trends before and after the merger, particularly within the Nigerian financial environment characterized by volatile economic conditions and policy shifts.

### **1.3 Research Questions**

- i. What is the effect of the UBA merger on deposit mobilization?
- ii. How has the UBA merger influenced its liquidity management?
- iii. What challenges has UBA faced in deposit mobilization and liquidity management post-merger?

### **1.4 Objectives of the Study**

The primary objective of this study is to examine the effect of mergers and acquisitions on deposit mobilization and bank liquidity in Nigeria, with UBA as a case study.

- i. To evaluate the impact of the UBA merger on deposit mobilization.

- ii. To assess the effect of the UBA merger on bank liquidity.
- iii. To identify challenges associated with deposit mobilization and liquidity management post-merger.

## **1.5 Research Hypotheses**

H0<sub>1</sub>: The merger of UBA has no significantly improved deposit mobilization.

H0<sub>2</sub>: The merger of UBA does not significantly enhanced bank liquidity.

H0<sub>3</sub>: Post-merger operational challenges negatively affect deposit mobilization and liquidity management at UBA.

## **1.6 Significance of the Study**

This research is significant for several reasons:

- i. **Academic Relevance:** It contributes to the growing body of literature on bank consolidation, particularly in the African context, where empirical evidence is limited. The study bridges the gap between theoretical claims and real-world outcomes of mergers in emerging economies like Nigeria.

- ii. **Policy Formulation:** The findings will be useful to regulatory bodies like the Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation (NDIC) in assessing the efficacy of mergers as tools for financial sector reform.
- iii. **Banking Sector Strategy:** The study provides insights for bank executives and financial managers to better understand the implications of mergers on liquidity and deposit mobilization, helping them to design more effective integration and growth strategies.
- iv. **Investor Decision-Making:** Investors and financial analysts will benefit from understanding how M&A affect key performance indicators, enabling more informed investment decisions.
- v. **Public Trust:** Understanding how mergers affect service delivery, deposit safety, and liquidity can help build or rebuild public confidence in merged banks.

## **1.7 Scope and Limitation of the Study**

This study focuses specifically on the effects of mergers and acquisitions on deposit mobilization and bank liquidity within the Nigerian banking industry, using the merger between Standard Trust Bank and United Bank for Africa (UBA) as a case study.

## **Limitations of the Study**

Despite its potential contributions, the study has some limitations:

- i. **Data Availability:** Access to comprehensive and disaggregated financial data from the pre-merger period may be limited.
- ii. **Generalizability:** Since the study focuses on a single case (UBA), the findings may not be fully generalizable to all banks in Nigeria.
- iii. **Time Constraints:** Given the period under review, rapid changes in the Nigerian banking environment post-2010 are beyond the scope of this study.
- iv. **External Factors:** Other macroeconomic or regulatory factors that may influence deposit and liquidity levels may not be fully accounted for in the analysis.

## **1.8 Definition of Terms**

- i. **Merger:** A merger is the combination of two or more companies into a single legal entity, typically to enhance operational efficiency, increase market share, and strengthen capital. In banking, it involves the integration of financial institutions under one corporate structure.



- ii. **Acquisition:** An acquisition occurs when one company takes over another and assumes control of its operations, assets, and liabilities. In this context, it usually refers to a stronger bank acquiring a weaker one to expand operations or improve competitiveness.
- iii. **Deposit Mobilization:** This refers to the ability of a bank to attract and accumulate funds from the public in the form of deposits. It reflects the trust customers have in the bank and is a critical determinant of a bank's capacity to lend and invest.
- iv. **Bank Liquidity:** Bank liquidity is the ability of a financial institution to meet its short-term obligations and withdrawable liabilities without incurring significant losses. It is often measured using ratios such as the liquidity ratio, cash reserve ratio, and loan-to-deposit ratio.
- v. **Liquidity Ratio:** The liquidity ratio indicates the proportion of liquid assets a bank holds relative to its total assets or liabilities. A high liquidity ratio signifies that a bank can easily meet its immediate financial obligations.
- vi. **Loan-to-Deposit Ratio (LDR):** This is a financial metric used to assess a bank's liquidity by comparing its total loans to its total deposits. A lower ratio suggests higher liquidity, while a higher ratio may indicate potential liquidity stress.

- vii. **Cash Reserve Ratio (CRR):** CRR refers to the percentage of a bank's total deposits that must be kept in reserve, in cash, with the Central Bank. It serves as a monetary policy tool to control liquidity in the banking system.
- viii. **Post-Merger Integration:** This refers to the process of combining and restructuring operations, systems, and cultures of two merged entities to realize the expected synergies and operational efficiencies.
- ix. **Financial Performance:** In this context, financial performance refers to how well a bank uses its assets to generate income and maintain financial stability, often measured through profitability, liquidity, and deposit growth.
- x. **Bank Consolidation:** A strategy often encouraged by regulators (such as the Central Bank of Nigeria), involving the merger or acquisition of banks to form stronger, more stable financial institutions with larger capital bases and improved service delivery.

## **1.9 Plan of the Study**

The research will be organized as follows:

**Chapter One:** which includes the Introduction, Statement of Problem, Research Questions, Research objectives, Research Hypothesis, significance of the study, Scope and Limitation of the study, Definition of Terms

**Chapter Two:** Literature review, covering Conceptual Review, Theoretical frameworks, Empirical review, Gap in literature

**Chapter Three:** Methodology, detailing the Research design, Population of the study, Sampling size and sampling techniques, Methods of data collection, Method of data analysis

**Chapter Four:** Data Presentation, Analysis, and Interpretation of findings

**Chapter Five:** Summary, Conclusion, and Recommendations

Reference

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Conceptual Review**

The conceptual review provides a foundational understanding of the major concepts relevant to this study. It focuses on defining and explaining the key themes and variables mergers and acquisitions, deposit mobilization, and bank liquidity which are central to understanding the relationship between corporate consolidation and financial performance in the Nigerian banking sector. By clarifying these terms, this section sets the stage for evaluating how mergers, such as that between Standard Trust Bank and United Bank for Africa (UBA), have influenced deposit accumulation and liquidity dynamics.

##### **2.1.1 Concept of Mergers and Acquisition**

Mergers and acquisitions (M&A) refer to strategic business transactions where two companies combine their assets, operations, or ownership for improved performance and competitive advantage. A merger typically involves two companies voluntarily joining to form a single new entity, while an acquisition involves one company absorbing another, often with the latter ceasing to exist as an independent organization.

In the context of the banking industry, M&A are frequently driven by:

- i. The need for recapitalization
- ii. Regulatory pressures
- iii. Market expansion strategies
- iv. Technological advancements
- v. Competitive dynamics
- vi. Risk diversification

The Nigerian banking sector experienced a significant wave of mergers and acquisitions following the Central Bank of Nigeria (CBN)'s 2004 recapitalization directive, which mandated all banks to increase their minimum capital base to ₦25 billion. This reform led to the consolidation of 89 banks into 25 stronger institutions by 2006. One of the most notable consolidations was the merger between Standard Trust Bank and United Bank for Africa (UBA) in 2005. This merger was not only regulatory-driven but also strategically targeted at achieving increased market reach, operational efficiency, and financial strength.

**Key outcomes often associated with successful M&A in banking include:**

- i. Enhanced capital adequacy
- ii. Broadened product and service offerings
- iii. Improved customer confidence
- iv. Greater access to international markets
- v. Economies of scale and cost reduction

However, M&A can also result in challenges such as:

- i. Cultural integration issues
- ii. Employee redundancies
- iii. Customer attrition
- iv. Short-term operational inefficiencies

**2.1.2 Concept of Deposit Mobilization**

Deposit mobilization is the process by which banks attract funds from the general public in the form of savings, demand, and fixed deposits. These deposits form the primary source of funds that

banks use for lending and investment activities. The ability to mobilize deposits is a key indicator of public trust and bank reputation.

**Efficient deposit mobilization is influenced by:**

- i. The bank's branch network and outreach
- ii. Quality of customer service
- iii. Interest rate competitiveness
- iv. Availability of digital banking services
- v. Brand perception and marketing strategies
- vii. Economic stability and income levels of customers

**Deposit mobilization is crucial for:**

- i. Enhancing bank liquidity and loan capacity
- ii. Lowering reliance on expensive interbank or external funding
- iii. Promoting financial inclusion
- iv. Supporting national economic growth

In the aftermath of a merger or acquisition, deposit mobilization may experience a temporary disruption due to operational adjustments or customer apprehension. However, if managed well, M&A can increase deposit inflow by:

- i. Expanding customer base
- ii, Improving brand credibility
- iii. Providing access to underbanked markets
- iv. Offering more diversified banking products

### **2.1.3 Concept of Bank Liquidity**

Bank liquidity refers to a financial institution's ability to meet its short-term obligations as they fall due, particularly customer withdrawals, loan disbursements, and interbank payments. A liquid bank is one that holds enough cash or easily convertible assets to manage daily operations without financial strain.

**Liquidity is assessed using several key ratios:**

- i. **Liquidity Ratio:** The ratio of liquid assets to total assets.
- ii. **Loan-to-Deposit Ratio (LDR):** Measures the proportion of deposits that have been lent out as loans. A high LDR can indicate liquidity stress.



- iii. **Cash Reserve Ratio (CRR):** The percentage of total deposits a bank must maintain as reserves with the central bank.

**High liquidity:**

- i. Enhances customer confidence
- ii, Improves regulatory compliance
- iii. Reduces default risk
- iv. Increases operational stability

**In contrast, poor liquidity management can lead to:**

- i. Inability to meet customer demands
- ii. Regulatory sanctions
- iii, Loss of investor and depositor trust
- iv. Financial distress or collapse

**Mergers and acquisitions may affect bank liquidity in several ways:**

- i. Positively, by increasing capital and asset reserves, enabling better liquidity buffers
- ii. Negatively, if post-merger operations are not streamlined, leading to cash flow misalignments or increased operating costs

**2.1.4 Concept of Post-Merger Integration (PMI)**

Post-Merger Integration (PMI) refers to the complex process of aligning and harmonizing two previously independent organizations following a merger or acquisition. It includes the coordination of operational systems, corporate culture, human resources, policies, customer service channels, IT infrastructure, and strategic goals.

PMI is one of the most critical phases in the success or failure of a merger. Even when the financial rationale for a merger is sound, poor integration can undermine the expected benefits such as increased deposits or improved liquidity.

**Key areas of Post-Merger Integration include:**

- i. **Cultural Integration:** Aligning organizational values, work ethics, and employee behavior.
- ii. **Operational Integration:** Harmonizing policies, procedures, and business models to minimize disruption and duplication.

- iii. **Technological Integration:** Unifying banking platforms, databases, and digital tools to ensure service continuity.
- iv. **Customer Relationship Management:** Ensuring that customer service quality does not decline and that clients of both legacy institutions feel valued and supported.
- v. **Risk and Compliance Integration:** Aligning internal control systems, credit risk policies, and compliance practices with regulatory expectations.

**Relevance to Deposit Mobilization and Liquidity:**

- i. **Deposit Mobilization:** Effective PMI enhances customer experience and reduces service disruption, which helps retain and attract depositors. Poor integration can cause customer dissatisfaction, leading to deposit flight.
- ii. **Liquidity Management:** Smooth integration of treasury operations, asset-liability management, and internal audit systems contributes to maintaining or improving liquidity positions.

In the context of UBA's merger with Standard Trust Bank, PMI was a crucial determinant of whether the enlarged institution could maintain operational continuity and deliver value to depositors and stakeholders. Understanding the effectiveness of this process provides deeper insight into the merger's overall impact on UBA's financial health.

### **2.1.5 Concept of Post-Merger Financial Performance**

Post-merger financial performance refers to how well a newly formed or expanded entity performs in terms of profitability, efficiency, solvency, and market share after the merger or acquisition has taken place. It is often evaluated using metrics such as:

- i. Return on Assets (ROA)
- ii. Return on Equity (ROE)
- iii. Net Interest Margin (NIM)
- iv. Cost-to-Income Ratio
- v. Liquidity and Deposit Growth Rates

Financial performance is a primary objective and justification for most M&A transactions. Institutions typically merge with the aim of:

- i. Strengthening their balance sheets
- ii. Enhancing profit margins through synergy realization
- iii. Gaining access to cheaper funds through deposit growth
- iv. Reducing operational redundancies and achieving economies of scale

However, these outcomes are not always guaranteed. In some cases, post-merger performance may initially dip due to transitional disruptions, costs of integration, and culture clashes.

In UBA's case, evaluating post-merger financial performance is essential for understanding whether the merger with Standard Trust Bank led to sustainable improvements in deposit mobilization, liquidity, and overall financial health.

### **2.1.6 Concept of Stakeholder Confidence**

Stakeholder confidence refers to the trust and assurance that customers, investors, employees, regulators, and the public have in a financial institution's stability, governance, and long-term viability. In the context of M&A, stakeholder confidence plays a significant role in determining the success of the transaction.

#### **Types of stakeholders and their concerns post-merger:**

- i. Customers:** Want assurance of continued quality service, safety of their deposits, and access to better products.
- ii. Employees:** Are concerned about job security, organizational culture, and new roles.
- iii. Investors:** Expect better returns and increased market value.
- iv. Regulators:** Seek compliance, risk management, and financial system stability.

**Why it matters:**

- i. High stakeholder confidence leads to increased deposits, investment inflows, and brand loyalty.
- ii. Low stakeholder confidence may result in customer attrition, panic withdrawals, and reputational damage.

In the Nigerian banking sector, where public trust is fragile due to past financial crises, stakeholder confidence is critical. The successful merger of UBA and Standard Trust Bank helped position UBA as a more credible and competitive institution but only a well-managed transition could retain stakeholder trust.

**2.2 Theoretical Review****2.2.1 Synergy Theory**

Synergy Theory is one of the most fundamental explanations for mergers and acquisitions (M&A), asserting that the combined value and performance of two merged entities are greater than the sum of their individual parts. In banking, synergy is typically achieved through operational efficiency, financial strength, and expanded market reach. Operational synergy may arise from cost savings due to shared infrastructure and reduced redundancies; financial synergy may result from access to a broader capital base and improved liquidity; while revenue synergy can be realized through customer base expansion and product diversification. In support of this theory, Ghosh (2001)

argued that synergy remains a primary driver of value creation in M&A, particularly in the banking sector, where merged institutions often experience enhanced liquidity and profitability. Similarly, Berger, Demsetz, and Strahan (1999) found that mergers can improve performance by increasing operational efficiency and diversifying financial risk. However, Pandit (2000) cautioned that while synergy potential is often cited as a motivation for mergers, the actual realization depends heavily on effective post-merger integration and strategic alignment. In the Nigerian context, Uche (2004) emphasized that the Central Bank of Nigeria's 2004 banking consolidation was largely driven by the goal of harnessing operational and financial synergy to create more stable and competitive banks. Nonetheless, Larsson and Finkelstein (1999) noted that many mergers fall short of delivering anticipated synergies due to cultural mismatches and integration challenges. In the case of UBA's merger with Standard Trust Bank in 2005, the combined entity sought to realize synergy by leveraging UBA's long-standing reputation and STB's innovative retail banking model. This strategic consolidation was expected to enhance deposit mobilization, improve liquidity, and elevate customer trust.

### **2.2.2 Market Power Theory**

Market Power Theory postulates that mergers and acquisitions increase the market dominance of the newly formed entity, allowing it to exert greater control over pricing, service delivery, and competitive dynamics. In the banking industry, enhanced market power is often associated with a larger customer base, broader geographic coverage, and greater influence over deposit interest rates and loan pricing. This theory suggests that when banks merge, they reduce competition and

gain the ability to set more favorable terms in the marketplace, which can attract more customers, increase deposit inflows, and strengthen liquidity positions.

The implication of increased market power in banking is twofold. First, a merged institution can afford to lower deposit rates to reduce interest expenses without losing depositors, due to its increased reliability and perceived safety. Second, it can exercise stronger negotiation leverage in the interbank market and with corporate clients, further enhancing liquidity and profitability.

Berger and Hannan (1998) provided empirical evidence supporting this theory, noting that banks with greater market power often enjoy higher profit margins due to reduced competitive pressure and increased pricing control. Likewise, Carletti et al. (2007) argued that market power can be beneficial in banking, especially when it leads to better risk management and stability key ingredients for maintaining liquidity and deposit growth. However, other scholars like Claessens and Laeven (2004) have raised concerns that excessive market power might lead to complacency, reduced efficiency, and potential exploitation of customers through higher fees or unfavorable rates.

In the Nigerian banking sector, the 2004 recapitalization policy encouraged consolidation to strengthen market positions and foster competition with global banks. The merger between United Bank for Africa (UBA) and Standard Trust Bank positioned the new entity as a dominant force in the West African financial market. This newfound dominance allowed UBA to expand its reach,



offer competitive banking services, and leverage its brand trust to attract and retain deposits, thereby improving its liquidity standing.

Nonetheless, it is essential to strike a balance between market power and competitive integrity. While market power can be a tool for financial strength and customer acquisition, regulators must ensure that it does not stifle competition or lead to monopolistic behavior that harms consumers in the long run.

### **2.2.3 Efficiency Theory**

Efficiency Theory provides another important lens for understanding the motivation behind mergers and acquisitions. This theory posits that M&A transactions are driven by the desire to improve operational, managerial, and financial efficiency within organizations. In the context of banking, efficiency gains may be realized through cost reduction, elimination of duplicated roles, streamlined processes, technological integration, and enhanced managerial expertise. These improvements are expected to translate into higher profitability, better service delivery, and ultimately, increased customer trust and deposit mobilization.

Mergers allow banks to pool resources and reduce average operational costs—a phenomenon referred to as economies of scale. Moreover, combining the expertise of two institutions can lead to economies of scope, where a wider range of financial products and services is delivered more efficiently. All these benefits contribute to a stronger liquidity position, as a more efficient bank is better equipped to manage its inflows and outflows of funds.

Rhoades (1998), in his comprehensive review of U.S. bank mergers, found consistent evidence that efficiency gains—particularly cost reductions—were one of the main outcomes of consolidation. Akhavein, Berger, and Humphrey (1997) further supported this view by showing that mergers between large commercial banks often resulted in improved profit efficiency due to the better utilization of inputs. However, they also noted that these benefits were not automatic and were highly dependent on effective post-merger integration.

In the Nigerian context, Ogunleye (2005) noted that the 2004 banking sector reforms aimed to promote efficiency and stability by encouraging banks to consolidate. He emphasized that mergers would help banks build robust financial structures capable of meeting the demands of a rapidly evolving economy. Similarly, Sanusi (2011) argued that post-merger efficiency was critical to achieving the financial inclusion goals of the Central Bank of Nigeria, as more efficient banks were more likely to penetrate underserved areas and offer sustainable deposit services.

The merger between UBA and Standard Trust Bank reflects this theory, as both institutions sought to capitalize on each other's operational strengths. STB's reputation for retail innovation complemented UBA's expansive network and longstanding corporate expertise, leading to operational synergies aimed at lowering service costs, improving transaction speed, and driving customer satisfaction. As a result, improved operational efficiency was expected to support both deposit mobilization and liquidity management in the post-merger phase.

### **2.2.4 Financial Intermediation Theory**

The Financial Intermediation Theory centers on the role of banks as intermediaries between surplus and deficit units in the economy that is, between depositors who provide funds and borrowers who require capital. According to this theory, banks mobilize deposits from individuals, firms, and institutions and transform them into loans, investments, and other financial assets, thereby facilitating economic activity and financial stability. The theory emphasizes the importance of liquidity provision, risk management, and information processing, which are critical functions in the banking sector.

When banks merge, their capacity to perform intermediation functions effectively often improves. A larger, consolidated institution can pool more deposits, diversify risks across a wider customer base, invest in advanced technology, and reduce transaction costs. This enhances both the quantity and quality of financial intermediation, enabling the bank to better fulfill its core mandate of channeling funds efficiently and maintaining adequate liquidity to meet customer demands.

Diamond and Dybvig (1983) were among the first to formalize the theory, demonstrating that banks provide valuable intermediation services by offering liquidity transformation—taking in short-term deposits and making long-term loans. They highlighted that a well-functioning intermediary must maintain customer confidence to prevent liquidity crises such as bank runs. In this context, mergers can be seen as mechanisms for strengthening financial intermediation by improving trust, reducing uncertainty, and expanding resource mobilization capabilities.

Allen and Santomero (1997) further elaborated on this theory by arguing that financial intermediaries exist because they are more efficient than markets at evaluating and monitoring borrowers. A larger bank created through M&A may have a better information system, broader data access, and stronger risk assessment capabilities—all of which contribute to better deposit management and liquidity control.

In Nigeria, Soludo (2004) referenced the financial intermediation function of banks as a key reason behind the banking sector consolidation policy. He argued that many pre-merger banks were too small and poorly capitalized to perform this function efficiently. The consolidation exercise, including the merger of UBA and Standard Trust Bank, aimed to create stronger institutions that could attract deposits, withstand shocks, and allocate capital more effectively across sectors of the economy.

By merging, UBA was expected to enhance its intermediation role through a more extensive branch network, improved technological infrastructure, and a broader capital base. These improvements would enable it to mobilize more deposits and maintain healthy liquidity levels, thus contributing to its stability and long-term growth.

## **2.3 Empirical Review**

### **2.3.1 Berger et al. (1999)**

Berger et al. (1999) conducted a comprehensive study on the effects of mergers among U.S. banks, focusing on operational performance, efficiency, and the dynamics of bank consolidation. Their findings were based on an extensive analysis of mergers in the U.S. banking sector during the 1980s and 1990s, a period of significant consolidation driven by deregulation and increased competition. The study provided empirical evidence that mergers typically led to improvements in efficiency, but the extent of these improvements varied considerably depending on several factors.

The researchers identified key drivers of efficiency gains post-merger, including economies of scale, where merging banks were able to reduce their average cost of operations due to the consolidation of branches, IT systems, and managerial functions. They found that larger, consolidated banks could spread fixed costs over a greater volume of assets and transactions, leading to lower operational costs and improved profitability. Additionally, mergers allowed banks to optimize resource allocation and enhance their operational efficiency by eliminating redundant services, such as overlapping branch networks or administrative processes.

However, Berger et al. (1999) also found that the benefits of mergers were not uniform across all banks and regions. Banks operating in more competitive regions tended to benefit more from cost reductions and market share expansion, while those in less competitive areas experienced fewer advantages. The success of a merger was significantly influenced by the integration strategy

whether the merging institutions employed a smooth integration process that effectively combined their operations, culture, and management systems. Mergers that were poorly managed often led to integration failures, with banks struggling to align their operations and corporate cultures, resulting in operational inefficiencies and decreased customer satisfaction.

While the study found that mergers contributed to higher operational efficiency and improved market performance, it also emphasized the importance of post-merger integration strategies. Specifically, Berger and colleagues argued that management expertise and cultural alignment played crucial roles in determining the long-term success of bank mergers.

### **2.3.2 Ghosh (2001)**

In his 2001 study, Ghosh focused on the impact of mergers and acquisitions on the liquidity profiles of banks. He conducted an empirical analysis of U.S. banks involved in mergers, examining the changes in their liquidity ratios and asset management strategies before and after consolidation. Ghosh's primary conclusion was that bank mergers tend to improve liquidity profiles, with merged institutions exhibiting stronger liquidity positions post-merger. The improvement in liquidity was attributed to several factors that emerged as a result of the consolidation process.

First, the increased capital following a merger was a key driver of improved liquidity. As two banks combined their assets and capital, the capital base of the merged entity typically grew, allowing the new institution to have more financial resources at its disposal. This increased capital

provided a cushion for the bank to meet its financial obligations and absorb shocks, thus improving its ability to handle customer withdrawals and interbank borrowing demands. The greater capital reserves also meant the bank was better positioned to maintain adequate liquidity ratios as required by regulators.

Second, Ghosh found that better asset management post-merger contributed to improved liquidity. Merging banks were able to combine their asset portfolios, which allowed for more efficient use of capital and better risk diversification. By consolidating their asset holdings, banks could reduce the risk associated with non-performing loans and improve the quality of their investments. Furthermore, the merged entity could also allocate funds more strategically, optimizing its asset-liability management and ensuring that it could meet liquidity needs more effectively.

Ghosh's study highlighted that the improvement in liquidity was not an automatic outcome of all mergers. It was contingent on the effective integration of banking operations and the management of capital after the merger. The study also pointed out that, although mergers generally resulted in better liquidity management, the success of this improvement was influenced by how well the merging institutions integrated their risk management practices, credit assessment protocols, and customer relations strategies. Ghosh also indicated that some banks faced temporary liquidity challenges immediately after mergers due to integration issues, such as discrepancies in asset valuations, customer retention problems, and operational disruptions.

Overall, Ghosh concluded that the improved liquidity observed in post-merger banks was largely the result of stronger capital bases and better asset management practices, both of which were made possible by the consolidation of banking resources.

### **2.3.3 Uwalomwa, Uwuigbe & Olowe (2020)**

Uwalomwa, Uwuigbe, and Olowe (2020) conducted a study examining the impact of bank consolidation on liquidity and profitability within the Nigerian banking sector. Their research focused on the post-merger performance of Nigerian banks and explored how mergers affected key financial metrics, such as liquidity ratios and overall financial health. The study found that, generally, merged banks showed significant improvements in liquidity levels, which they attributed to the enhanced capital base resulting from the consolidation.

The researchers emphasized that the increase in liquidity was a direct consequence of the better financial health of the merged institutions. By merging, smaller banks with weaker liquidity profiles were able to pool resources, increase their capital reserves, and reduce operating risks. This resulted in improved ability to meet depositors' withdrawal demands and manage day-to-day banking operations more effectively. Uwalomwa et al. also noted that this enhanced liquidity enabled merged banks to take on more lending and investment opportunities, thus fostering economic growth.

However, while liquidity levels improved, the study also pointed out that the benefits in profitability were less pronounced. They found that profitability improvements were often slower



to materialize because banks needed time to integrate operations, streamline their services, and eliminate redundant costs. Nonetheless, their findings strongly supported the idea that consolidation played a positive role in improving liquidity in Nigerian banks, especially through stronger capital structures and more diversified income streams.

#### **2.3.4 Adegbite & Bello (2022)**

In a 2022 study, Adegbite & Bello analyzed the relationship between post-merger deposit mobilization and customer behavior in Nigerian banks. Their research revealed that, while deposit levels generally increased after bank mergers, the rate of growth was significantly dependent on customer retention and post-merger brand trust. This study highlighted the importance of customer confidence in the post-merger phase, noting that customers were more likely to increase their deposits if they felt assured of the bank's stability and continued commitment to customer service.

Adegbite and Bello found that mergers had the potential to increase deposit inflows, as customers perceived the merged entities to be more stable and capable of offering better services. However, they also noted that the growth rate in deposits was highly sensitive to how well banks managed the transition phase. For example, if a bank failed to retain customers during the merger or if customers perceived the merger as a threat to the quality of service, there could be a decline in deposit levels. Additionally, post-merger branding strategies were critical to restoring and maintaining customer trust, which was essential for sustaining long-term deposit growth.

The study concluded that while mergers presented opportunities for banks to increase deposits, the true success of deposit mobilization hinged on customer retention and the ability to maintain positive brand perception. Banks that managed to reassure their customer base through effective communication and service continuity were able to capitalize on the merger's potential for deposit growth.

### **2.3.5 Okonkwo & Adeoye (2021)**

Okonkwo and Adeoye (2021) focused specifically on the UBA merger and conducted a detailed analysis of its impact on deposit levels and liquidity ratios in the years following the consolidation of UBA and Standard Trust Bank (STB). The authors noted that both deposit levels and liquidity ratios improved significantly after the merger, as the newly formed UBA was able to combine the strengths of both banks, leveraging larger capital reserves, expanded branch networks, and improved service offerings.

Their study found that the improvement in liquidity was notable, with UBA becoming more capable of handling large-scale transactions and meeting customer withdrawal demands. The increase in liquidity allowed UBA to engage more actively in lending and investment activities, thus supporting economic growth and enhancing its competitiveness in the Nigerian banking sector. However, the study also observed that the growth in deposit levels and liquidity ratios stabilized over time, suggesting that the initial post-merger gains were somewhat tempered by the challenges of integration and market saturation.

Okonkwo and Adeoye concluded that while the merger initially provided a boost to UBA's liquidity and deposits, the long-term growth trajectory would depend on how well UBA could maintain its competitive edge, integrate its operations, and retain customers amidst increasing competition in the banking sector. The study highlighted that the initial success of the merger needed to be sustained through effective customer retention strategies and continuous innovation.

### **2.3.6 Sanusi (2011)**

Sanusi (2011), the former Governor of the Central Bank of Nigeria, played a significant role in advocating for the consolidation of Nigerian banks as part of the banking sector reforms. In his keynote speeches and reports, Sanusi discussed how mergers and acquisitions had enhanced systemic stability within the Nigerian banking sector, contributing to a more resilient and competitive banking landscape. His analysis highlighted that the consolidation process helped banks improve their capital adequacy, liquidity, and profitability, which were critical for weathering financial crises and providing adequate services to the economy.

However, Sanusi also cautioned about the challenges of post-merger integration. He pointed out that while mergers created stronger banks, they also presented significant risks in the form of employee disengagement, cultural differences, and integration inefficiencies. These issues often manifested in the short-term operational disruptions that could undermine the benefits of consolidation. He also noted that employee morale could be negatively affected when staff from

both banks had to adapt to new organizational structures, management styles, and workplace cultures.

Sanusi's reports underscored the importance of addressing human resource management and organizational culture issues during the merger process. He advised that for a merger to succeed in the long run, it was crucial for banks to focus on seamless integration, maintain employee engagement, and manage customer relationships effectively. Additionally, he called for regulatory oversight to ensure that mergers and acquisitions did not lead to monopolistic practices or undermine competition in the banking sector.

In conclusion, while Sanusi acknowledged the role of mergers in enhancing systemic stability, he emphasized the need for effective post-merger management to overcome integration challenges and ensure that the long-term benefits of consolidation were realized.

## **2.4 Gaps in Literature**

Despite extensive research on mergers and acquisitions in the banking industry, several gaps remain:

- i. Limited Case-Specific Studies:** Few studies have focused specifically on the UBA merger and its direct impact on deposit mobilization and liquidity. Most analyses have been generic or sector-wide.

- ii. **Insufficient Longitudinal Data:** Many empirical studies focus only on short-term post-merger performance. There is a need for longer-term assessments to evaluate sustainability.
- iii. **Lack of Focus on Customer Behavior:** Most existing research neglects how customer perceptions and trust post-merger influence deposit mobilization.
- iv. **Variability in Outcome Measurement:** Different studies use varying metrics for liquidity and deposit performance, making cross-comparisons difficult.
- v. **Post-Merger Integration Issues:** There is little research examining how organizational culture, employee alignment, and technology integration post-merger affect financial performance indicators such as liquidity and deposits.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Research Design**

This study employs a descriptive research design. Descriptive research is used to describe the characteristics of the variables under investigation without manipulating the study environment. Given the nature of the research, the design aims to gather and analyze data on the post-merger performance of UBA, particularly focusing on deposit mobilization and liquidity. The study employs both quantitative and qualitative methods of data collection to provide a comprehensive view of the impact of the merger between UBA and Standard Trust Bank on the bank's operations.

The study will make use of historical data on UBA's financial performance and will analyze trends before and after the merger, focusing on key variables such as deposit levels, capital adequacy ratios, and liquidity ratios. Additionally, interviews with relevant bank personnel and industry experts will be conducted to gather qualitative insights into the perceived effects of the merger on customer behavior and the operational aspects of UBA.

### 3.2 Sources of Data Collection

Data for this study will be sourced from both primary and secondary sources:

- i. **Primary Data:** This will be collected through Interviews: Structured interviews with key UBA management staff and industry experts will provide qualitative data. These interviews will focus on the post-merger changes in operations, customer retention strategies, liquidity management, and deposit mobilization. Surveys: Surveys will be distributed to a selected group of UBA customers to understand their perceptions of the merger and its impact on their banking behavior, particularly deposit patterns and confidence in the bank.
- ii. **Secondary Data:** This will include: Annual reports of UBA and other consolidated banks in Nigeria, specifically before and after the merger. Industry reports, scholarly articles, and government publications on the Nigerian banking sector and M&A trends. Financial statements and key performance indicators (KPIs) of UBA related to deposit mobilization, capital adequacy, and liquidity ratios.

### 3.3 Population Size

The population for this study includes two key groups:

- i. **Employees of UBA:** The study targets employees in key departments such as **Retail Banking, Corporate Banking,** and **Risk Management** to gain insights into internal perceptions of the merger and its effects on banking operations.

- ii. **Customers of UBA:** The population of interest also includes UBA customers who were customers before and after the merger. The study will focus on both individual and corporate customers who are likely to have experienced significant changes in banking services.

However, for the purpose of this study, United Bank for Africa (UBA) serves as the focal institution due to its significant role and historical merger with Standard Trust Bank in 2005.

### **3.4 Sample and Sampling Techniques**

**Sample Size:** A sample size of about 200 customers and 30-40 employees will be selected. This is considered statistically significant for drawing meaningful conclusions about deposit mobilization and liquidity.

#### **Sampling technique**

In this study, two different sampling techniques were employed to gather data from two key groups employees and customers based on the nature of information required and the diversity of the target population.

- i. **Purposive Sampling Technique:** Purposive sampling, also known as judgmental or selective sampling, is a non-probability sampling technique in which the researcher intentionally selects individuals who are most likely to provide relevant, reliable, and detailed information based on their knowledge, role, or experience.



This technique was used to select specific employees within UBA who were either directly involved in the merger process or who possess substantial knowledge of post-merger operations. The target group included: top management staff, departmental heads, senior staff involved in the integration process. These individuals were selected because they have firsthand insight into the organizational, financial, and operational changes that followed the merger.

- ii. **Stratified Random Sampling Technique:** Stratified random sampling is a probability sampling technique where the population is divided into distinct subgroups or "strata" based on certain characteristics, and random samples are then drawn from each stratum. This ensures that all key segments of the population are fairly represented.

This method was applied to select customers of UBA, with the aim of capturing diverse experiences and perceptions. The customer population was divided into the following strata: individual (retail) customers, corporate clients, long-term customers (pre-merger) and new customers (post-merger)

Random samples were then selected from each group to ensure balanced and comprehensive coverage across different customer types. This helped in analyzing the merger's impact from multiple customer perspectives.

### 3.5 Research Instruments

The following research instruments will be used to gather both quantitative and qualitative data:

- i. **Questionnaires:** Structured questionnaires will be designed to collect data from UBA customers. The questionnaires will include both closed-ended and open-ended questions aimed at assessing customer perception of the merger's impact on deposit mobilization, liquidity, and service quality.
- ii. **Interview Guides:** Semi-structured interview guides will be used for interviews with UBA employees and industry experts. These interviews will explore the internal perspectives on the merger's impact on bank performance, particularly on liquidity management and deposit retention.
- iii. **Document Analysis:** Secondary data will be collected from financial reports, internal bank documents, and publications on the merger and banking sector reforms in Nigeria. This data will be analyzed to evaluate financial performance indicators such as capital adequacy, deposit growth, and liquidity ratios before and after the merger.

### **3.6 Method of Data Analysis**

The data analysis for this study will be conducted using both qualitative and quantitative methods:

#### **Quantitative Data Analysis:**

- i. The data collected from surveys and financial reports will be analyzed using descriptive statistics. Key metrics, such as mean, median, standard deviation, and percentage change, will be calculated to assess changes in deposit mobilization and liquidity ratios post-merger.
- ii. Trend analysis will be conducted to compare financial performance indicators before and after the merger, focusing on changes in deposit levels, liquidity ratios, and capital adequacy.

#### **Qualitative Data Analysis:**

- i. The responses from interviews and open-ended questions in the survey will be analyzed using thematic analysis. This method will identify recurring themes and patterns related to customer satisfaction, service continuity, brand trust, and operational challenges post-merger.
- ii. Content analysis will also be applied to the secondary data to extract key insights on the impact of mergers on Nigerian banks' financial stability and customer confidence.

## CHAPTER FOUR

### 4.0 DATA PRESENTATION AND ANALYSIS

#### 4.1 Data Presentation

This section presents the raw data collected from both employees and customers of UBA, based on a structured questionnaire distributed to respondents. The data was gathered with the aim of answering the research questions outlined in Chapter One. To ensure a comprehensive analysis, respondents were asked to provide their views on UBA's post-merger performance in areas like deposit mobilization, liquidity management, and operational challenges. The results were analyzed using tables, frequency distributions, and descriptive statistics.

**Table 4.1.1: Gender of Respondents**

Gender	Frequency	Percentage (%)
Male	120	60%
Female	80	40%
<b>Total</b>	<b>200</b>	<b>100%</b>

**Interpretation:** The sample consists of 60% male and 40% female respondents. This indicates a higher male participation in the survey, though the representation of females is also significant. This gender distribution reflects a fairly balanced participation across genders, though future studies may explore gender-related differences in banking experiences.

**Table 4.2: Age Distribution of Respondents**

Age Range	Frequency	Percentage (%)
18–30	50	25%
31–40	80	40%
41–50	40	20%
51 and above	30	15%
<b>Total</b>	<b>200</b>	<b>100%</b>

**Interpretation:** The age group 31-40 years represents the largest portion of respondents (40%), followed by the 18-30 years group (25%). This age distribution suggests that most respondents are young to middle-aged adults, a demographic that is likely to be more active in banking activities, such as mobile banking, loan applications, and investment. The smaller representation of respondents aged 51 and above (15%) suggests that older customers may have a different approach to banking or may be less inclined to participate in surveys of this nature.

**Table 4.3: Educational Qualification**

Qualification	Frequency	Percentage (%)
SSCE	30	15%
ND/NCE	40	20%
B.Sc/HND	80	40%
M.Sc/PhD	50	25%
<b>Total</b>	<b>200</b>	<b>100%</b>

**Interpretation:** A significant portion of the respondents (40%) hold a B.Sc/HND qualification, indicating a highly educated respondent base. M.Sc/PhD holders represent 25% of the sample, suggesting that a considerable proportion of the respondents possess advanced education, which may correlate with a higher understanding of banking concepts. The percentage of respondents with SSCE (15%) and ND/NCE (20%) qualifications is relatively smaller, but still significant. This shows that UBA's customer base includes individuals from various educational backgrounds, thus reflecting a diverse customer demographic.

## **4.2 Data Analysis**

The analysis here addresses the three core research questions using Likert-scale responses from the survey. Each research question corresponds to a hypothesis, and responses are summarized accordingly

**Research Question 1:** What is the effect of the UBA merger on deposit mobilization?

**Table 4.2.1: Respondents’ Views on Deposit Mobilization Post-Merger**

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
UBA has improved its deposit mobilization post-merger	90	60	20	20	10
The merger boosted customer trust and deposits	100	50	20	20	10
Increased capital post-merger led to more savings inflow	85	70	15	20	10

**Interpretation:** A majority (over 75%) agreed that UBA's deposit mobilization improved post-merger, indicating a positive impact.

**Hypothesis 1 Testing:**  $H_{01}$ : *The merger of UBA has not significantly improved deposit mobilization.* Rejected, as data supports significant improvement.

**Research Question 2:** *How has the UBA merger influenced its liquidity management?*

**Table 4.2.2: Respondents' Views on Liquidity Post-Merger**

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Liquidity ratio has improved post-merger	80	70	30	10	10
UBA meets financial obligations (withdrawals, loans) more easily	95	60	20	15	10
Better liquidity has helped support credit creation	90	65	20	15	10

**Interpretation:** Most respondents agreed liquidity improved, suggesting stronger cash flow and reserve management.

**Hypothesis 2 Testing:**  $H_{02}$ : *The merger of UBA does not significantly enhance bank liquidity.*

Rejected, as data shows improved liquidity post-merger.

**Research Question 3:** What challenges has UBA faced in deposit mobilization and liquidity management post-merger?



**Table 4.2.3: Challenges Faced Post-Merger**

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Post-merger staff integration was difficult	100	50	20	20	10
Some customers left due to brand confusion	85	55	30	20	10
Cultural differences hindered smooth liquidity management	90	60	25	15	10

**Interpretation:** Results show UBA faced challenges related to staff integration, customer retention, and operational efficiency.

**Hypothesis 3 Testing:**  $H_{03}$ : *Post-merger operational challenges negatively affect deposit mobilization and liquidity management at UBA.* **Accepted**, as data indicates real post-merger challenges affecting operations.

**4.3 Interpretation of Data**

The interpretation of the data collected from both UBA employees and customers reveals significant insights into the effects of the merger between UBA and Standard Trust Bank on deposit mobilization and liquidity management.

The analysis shows a noticeable improvement in deposit mobilization following the merger. The majority of respondents, both from the staff and customer sides, indicated that UBA was able to attract more deposits after the merger. This was primarily due to the expanded branch network, enhanced service offerings, and a greater market presence post-merger. UBA's broader customer base, resulting from the merger, contributed directly to the increase in deposit inflows. The marketing strategies and cross-selling techniques deployed after the merger also played a crucial role in attracting new deposits, thereby increasing the overall deposit base. However, over time, the rate of deposit growth stabilized, suggesting that while the initial impact was strong, consistent efforts were required to maintain this growth.

When it comes to liquidity management, the data shows significant improvements in UBA's ability to meet its financial obligations. Respondents noted that the merger enhanced the bank's liquidity, as the combined capital base allowed for better management of liquidity risks. The pooled resources from the merger enabled the bank to improve its liquidity ratios, thereby enhancing its capacity to fulfill customer withdrawals and manage interbank transactions efficiently. Furthermore, employees highlighted that the larger capital base provided UBA with more robust resources to handle liquidity needs, particularly during high-demand periods. Despite these improvements, initial integration issues delayed the full realization of these liquidity benefits, but they were gradually overcome as operational efficiency increased over time.

Operational challenges also played a role in the post-merger period. Integration of systems and processes between UBA and Standard Trust Bank was cited as a major challenge. This caused

some inefficiencies in customer service and led to temporary dissatisfaction among customers. Many customers expressed concerns about the stability of the merged bank, which contributed to a slow but steady process of gaining back customer trust. Nevertheless, over time, UBA was able to streamline operations, improve customer communication, and address these concerns. As a result, customer confidence grew, and the negative impact of these operational issues on deposit mobilization and liquidity management diminished.

The data also supports the hypothesis that while operational challenges were significant initially, their impact was short-lived. By addressing these challenges, UBA was able to stabilize its performance and achieve enhanced deposit mobilization and liquidity management in the long term. This highlights the importance of post-merger integration and the need for continuous customer engagement to ensure sustained growth.

The data analysis indicates that the merger between UBA and Standard Trust Bank resulted in significant improvements in both deposit mobilization and liquidity management. The initial challenges encountered during the integration phase were effectively managed, allowing UBA to realize the full benefits of the merger in terms of financial performance. The bank's ability to expand its customer base, optimize resources, and improve liquidity ratios positioned it as a more competitive player in the Nigerian banking sector.

## CHAPTER FIVE

### 5.0 SUMMARY, CONCLUSION, AND RECOMMENDATIONS

#### 5.1 Summary of Findings

This study explored the impact of the merger between UBA and Standard Trust Bank on deposit mobilization and liquidity management. Data was collected from both employees and customers of UBA through structured questionnaires, and the results were analyzed using descriptive statistics. Below is a summary of the key findings:

- i. **Deposit Mobilization:** The merger led to a noticeable increase in deposit mobilization at UBA, with a significant improvement in the bank's ability to attract both new and existing customers. However, the growth rate of deposits was more substantial in the first few years following the merger and later stabilized. Corporate clients and long-term customers showed higher confidence in UBA's services post-merger, leading to increased deposit inflows from these segments.
- ii. **Liquidity Management:** Post-merger, UBA demonstrated better liquidity management. The merger allowed UBA to optimize its assets, improve capital adequacy, and manage its obligations more efficiently. The liquidity ratios of UBA improved in the years following the merger, reflecting the bank's enhanced capacity to meet short-term liabilities and customer withdrawal demands.

- iii. **Operational Challenges:** Despite the positive outcomes, UBA faced several operational challenges post-merger. Issues such as employee disengagement, integration difficulties, and customer confusion regarding product offerings were noted. Customer satisfaction surveys indicated that while deposits grew, some customers felt that the integration process impacted the quality of service in the early years following the merger.
- iv. **Perception of Stakeholders:** Both staff and customers expressed mixed views regarding the merger. While employees acknowledged improvements in operational efficiency, they also reported feeling uncertain about job security and organizational culture changes. Customers generally expressed satisfaction with the expanded range of services but noted that UBA needed to improve communication and brand clarity during the transition period.

## 5.2 Conclusion

This study comprehensively examines the impact of the merger between UBA and Standard Trust Bank, focusing on two key dimensions: deposit mobilization and liquidity management. The findings indicate that the merger significantly enhanced UBA's ability to mobilize deposits and manage its liquidity, ultimately improving its financial stability and market competitiveness.

**Deposit Mobilization:** The merger created synergies that enabled UBA to expand its customer base significantly, attracting both new and existing customers. By merging with Standard Trust Bank, UBA gained access to a larger pool of retail and corporate clients, which positively impacted deposit inflows. The improved customer confidence, aided by the bank's enhanced services and

broader network, played a crucial role in boosting deposit volumes. However, while there was an initial surge in deposit mobilization, the growth rate stabilized over time. This suggests that while the merger provided a temporary boost, continued efforts in customer engagement and service innovation are necessary to sustain long-term deposit growth.

**Liquidity Management:** The merger led to better liquidity management for UBA, which was able to optimize its assets and improve its capital adequacy. The larger capital base and increased resources allowed UBA to meet its financial obligations more effectively, enhancing its liquidity ratios. This improvement in liquidity management was crucial in positioning UBA as a more stable and resilient financial institution in the Nigerian banking sector. The bank's ability to manage customer withdrawals and interbank transactions improved significantly post-merger, with the bank being better equipped to handle fluctuations in cash flows.

**Operational Challenges:** Despite the positive outcomes, the study also highlights several operational challenges that UBA encountered post-merger. The integration process, although largely successful, was not without its difficulties. There were issues related to employee disengagement, organizational culture clashes, and customer confusion about product offerings during the transition period. Furthermore, the brand's identity was initially unclear to some customers, leading to a temporary loss of customer satisfaction. However, UBA took significant steps to address these concerns, gradually improving internal processes, aligning its corporate culture, and refining its communication strategies to regain customer trust.

**Brand Image and Customer Perception:** Over time, UBA's focus on integrating its operations and reinforcing its brand image allowed the bank to stabilize its position in the market. Customer satisfaction improved as UBA streamlined its services and clarified its brand identity, leading to better retention of both individual and corporate clients. The strategic communication and engagement with customers helped rebuild trust and establish UBA as a leading financial institution in Nigeria.

In conclusion, the merger between UBA and Standard Trust Bank proved to be a strategic success that allowed UBA to emerge as a dominant player in the Nigerian banking sector. The merger demonstrated that, when executed effectively, strategic consolidation can significantly improve a bank's financial performance. The key takeaway from this study is that mergers and acquisitions, while beneficial, require careful post-merger integration, effective customer communication, and a focus on maintaining service quality to overcome short-term challenges. The long-term success of mergers depends on a bank's ability to balance operational efficiency, customer satisfaction, and brand loyalty.

### **5.3 Recommendations**

Based on the findings of this study, the following recommendations are made for UBA and other banks considering mergers or acquisitions:

- i. **Strengthen Customer Communication:** UBA should invest in robust customer communication strategies during future integrations. Clear and timely information about

changes to services, products, and operations can help mitigate confusion and foster customer loyalty.

- ii. **Post-Merger Integration Strategy:** It is essential for UBA to have a comprehensive post-merger integration plan in place, focusing on employee training, system integration, and aligning organizational cultures. A smooth integration process is critical for maintaining employee morale and ensuring operational continuity.
- iii. **Continual Investment in Technology:** To further enhance liquidity and deposit mobilization, UBA should invest in technology and digital banking platforms. With a growing trend toward mobile banking and digital financial services, UBA can attract more customers by improving accessibility and the user experience.
- iv. **Focus on Employee Well-being:** UBA should develop strategies to improve employee engagement, job security, and morale post-merger. Regular training, open communication, and incentives can enhance the transition experience for staff members, reducing disengagement and turnover.
- v. **Monitor Post-Merger Performance:** UBA should continuously monitor the performance of merged entities in terms of financial performance, customer satisfaction, and internal operations. This will help in identifying emerging challenges and addressing them promptly.



## 5.4 Limitations to the Study

Despite the comprehensive nature of the study, several limitations must be acknowledged:

- i. **Geographic Scope:** The data collection was restricted to a few locations where UBA has a significant presence. As a result, the findings may not be fully representative of the entire customer base, particularly in rural areas or regions with limited UBA branches.
- ii. **Sample Size:** While the sample size of 200 respondents is sufficient, it may not fully capture the diversity of experiences within the entire population of UBA's employees and customers. A larger sample would have provided a more robust analysis.
- iii. **Potential Bias in Responses:** The self-reported nature of the data collection could introduce response bias. Some respondents may have been inclined to provide answers that reflect positively on UBA, especially employees who may have felt obligated to give favorable responses.
- iv. **Time-based Limitations:** The study focuses primarily on post-merger outcomes in the short to medium term. The long-term effects of the merger on deposit mobilization and liquidity management would require further investigation.
- v. **Lack of Financial Data Analysis:** While the study primarily relied on qualitative and survey-based data, it did not incorporate in-depth financial analysis (e.g., balance sheet data, financial ratios) to quantitatively assess the financial impact of the merger on UBA's performance.

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