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Aftermath Effects of Mergers and Acquisitions on the Performance of Deposit Money Banks in Nigeria: Evidence from 2021–2026

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ABSTRACT: This article examines the aftermath effects of mergers and acquisitions (M&As) on the performance of Deposit Money Banks (DMBs) in Nigeria during the 2021–2026 policy window. The period is analytically important because it combines the mature post-2005 consolidation era with renewed balance-sheet pressure arising from naira depreciation, inflation, technological competition, the failure of Heritage Bank in 2024, and the Central Bank of Nigeria's (CBN) 2024–2026 recapitalization programme. Rather than fabricate unavailable 2026 bank-level observations or infer causality from a short panel, the study adopts an ex post facto documentary and comparative case-study design. Secondary evidence is drawn from audited annual reports, CBN and Nigeria Deposit Insurance Corporation (NDIC) publications, Nigerian Exchange disclosures, and recent peer-reviewed literature. The analysis uses the CAMELS logic—capital adequacy, asset quality, management efficiency, earnings, liquidity and sensitivity to market risk—together with evidence from merger-active and organically growing institutions. The findings indicate that the long-run aftermath of consolidation is broadly associated with larger balance sheets, wider deposit franchises, stronger capacity to raise capital, regional expansion and sustained profitability among leading banks. However, M&A is not a sufficient condition for superior performance. Integration costs, duplicated systems, cultural friction, credit-quality problems, governance weaknesses and macroeconomic revaluation can offset expected synergy. Strong 2023–2025 nominal earnings also partly reflected high interest rates, foreign-exchange translation effects and inflation, making simple before-and-after comparisons potentially misleading. The study concludes that mergers and acquisitions remain useful instruments for recapitalization and systemic stability, but their benefits depend on acquisition discipline, post-merger integration, risk governance and regulatory supervision. It recommends transaction-specific performance monitoring, disclosure of synergy targets, protection of depositors and employees, and the use of risk-adjusted rather than purely nominal performance measures.

KEYWORDS: mergers and acquisitions; Deposit Money Banks; banking consolidation; recapitalization; financial performance; Nigeria.

1. INTRODUCTION

The banking system is central to the allocation of savings, creation of credit, transmission of monetary policy and operation of the payments system. In Nigeria, Deposit Money Banks dominate formal financial intermediation and therefore occupy a strategic position in economic stabilization and development. Weakly capitalized or poorly governed banks can transmit distress to depositors, firms and government, whereas sound institutions can absorb shocks, fund investment and preserve confidence. For this reason, Nigerian banking regulation has repeatedly used consolidation, recapitalization, resolution and changes in ownership to strengthen the system.

The most consequential structural reform was the 2004–2005 consolidation programme, which raised the minimum capital base of commercial banks from ₦2 billion to ₦25 billion and induced numerous mergers and acquisitions. The number of banks fell sharply, producing larger institutions with broader branch networks and increased lending capacity. Subsequent transactions—including the combination of Access Bank and Diamond Bank—demonstrated that consolidation was not solely a crisis-resolution mechanism; it also became a strategic route to retail scale, technology acquisition, geographical expansion and market power.

The contemporary relevance of M&A increased again on 28 March 2024 when the CBN announced new minimum paid-in capital requirements. Commercial banks with international authorization were required to hold ₦500 billion, national banks ₦200 billion and regional banks ₦50 billion, with a compliance window ending on 31 March 2026 (Central Bank of Nigeria [CBN], 2024). Banks could comply through fresh equity, mergers and acquisitions, or changes in licence category. The policy followed substantial depreciation of the naira, high inflation and the need for larger loss-absorbing buffers. It therefore recreated conditions under which combinations between institutions might become rational or unavoidable.

The period 2021–2026 is also marked by competing forces. On the positive side, digital payments, mobile banking, electronic channels and regional expansion created new revenue opportunities. On the negative side, banks faced cybersecurity costs, higher operating expenses, volatile exchange rates, elevated interest rates and credit risks. In June 2024, the CBN revoked the licence of Heritage Bank after persistent deterioration and the NDIC commenced liquidation. The episode showed that size and longevity do not eliminate solvency and governance risks, and it strengthened the case for proactive recapitalization and orderly consolidation.

Against this background, the core research problem is not whether Nigerian banks became larger after consolidation; that is evident. The more difficult question is whether the aftermath of mergers and acquisitions produced sustainable improvements in risk-adjusted performance, efficiency and stability. A rise in total assets or nominal profit may reflect inflation or currency translation rather than true efficiency. Similarly, a merged bank may achieve a larger deposit base while suffering higher integration costs, asset-quality problems or declining customer experience. A rigorous assessment must therefore distinguish scale from value creation and transaction effects from macroeconomic effects.

This study contributes by integrating recent regulatory developments, audited financial evidence and post-consolidation literature within a transparent documentary framework. It covers the 2021–2026 policy window, but it does not pretend that full-year 2026 audited data exist for every bank. Quantitative illustrations are based primarily on audited information available through 2024 and, where officially released, 2025; developments in 2026 are treated as regulatory and strategic outcomes. This distinction is necessary for academic integrity.

1.1 Statement of the Problem

Previous Nigerian studies generally report that consolidation improved capital, assets, deposits and profitability, yet their conclusions are mixed and often based on the immediate post-2005 period. Many studies use simple pre/post averages that cannot isolate M&A effects from inflation, exchange-rate changes, regulation or industry-wide growth. The 2021–2026 period introduces additional identification problems: only a limited number of domestic bank mergers were completed within the window, while several large institutions pursued organic capital raising. Furthermore, 2026 is not a complete audited financial year at the date of this study. The research problem is therefore to evaluate the observable aftermath of consolidation and recent M&A activity without making unsupported causal claims, and to identify the conditions under which combinations enhance or weaken bank performance.

1.2 Objectives of the Study

1. Examine the channels through which mergers and acquisitions affect the performance of Nigerian DMBs;
2. Assess post-consolidation outcomes in capital strength, asset growth, earnings, liquidity, efficiency and market reach;
3. Evaluate the role of post-merger integration, corporate governance and technology in determining outcomes;
4. Dnalyse the implications of the 2024–2026 recapitalization programme for future banking combinations; and

1.3 Research Questions

1. What observable aftermath effects have mergers and acquisitions had on the performance of Nigerian DMBs?
2. Do larger post-merger balance sheets necessarily translate into superior risk-adjusted profitability and efficiency?
3. How do integration quality, governance and macroeconomic conditions shape post-merger outcomes?
4. What does the 2024–2026 recapitalization cycle imply for future M&A in Nigerian banking?

2. LITERATURE REVIEW

2.1 Concept of Mergers, Acquisitions and Consolidation

A merger combines two or more firms into a single economic entity, usually through an agreed exchange of ownership interests, while an acquisition occurs when one firm obtains control of another. In practice, banking transactions may combine legal merger, purchase of assets and liabilities, share acquisition, bridge-bank resolution or holding-company restructuring. Consolidation is broader than M&A and includes recapitalization, licence conversion, branch rationalization and regulatory resolution.

Bank M&A can be horizontal, involving institutions operating in the same market; market-extension, involving entry into new geographical areas; product-extension, involving complementary financial services; or conglomerate, involving banking, insurance, pensions, payments and asset management. Nigerian transactions are predominantly horizontal or market-extension combinations because the key motives are deposit scale, customer acquisition, branch coverage and regional expansion.

The aftermath of an M&A transaction refers to post-combination consequences rather than the legal closing itself. These consequences include realized or unrealized synergy, changes in profitability and risk, employee restructuring, customer retention, technology migration, brand consolidation, governance redesign and regulatory compliance. The timeframe matters because integration costs can reduce short-run performance even when long-run benefits are positive.

2.2 Motives for Bank M&A

1. Economies of scale and scope. A combined bank can spread technology, compliance, risk-management and administrative costs over a larger customer and asset base. Scope economies arise when complementary services such as payments, pensions and asset management are cross-sold.

2. Capital and regulatory compliance. Mergers may pool paid-in capital and create larger buffers, making them relevant under the CBN's 2024 recapitalization framework.

3. Market power and franchise expansion. An acquisition can rapidly add deposits, branches, customers and regional presence. However, excessive concentration may weaken competition and increase systemic importance.

4. Technology and capabilities. A bank can acquire digital platforms, data, cybersecurity expertise and skilled personnel more quickly than building them internally.

5. Risk diversification. Geographical and sectoral diversification may reduce concentration risk, although a poorly assessed target can import hidden non-performing loans and operational weaknesses.

6. Managerial motives. Agency and hubris theories warn that executives may pursue size, prestige or compensation even when shareholder value is uncertain.

2.3 Theoretical Framework

Synergy theory is the principal framework for this study. It proposes that the combined value of two institutions exceeds their stand-alone value when operational, financial, managerial or technological complementarities are realized. In banking, expected synergy may appear as lower cost-to-income ratios, cheaper funding, wider distribution, stronger capital and improved revenue diversification.

Efficiency theory complements synergy theory by emphasizing the removal of duplicated branches, systems and administrative functions. It predicts that a well-integrated bank will improve productivity and reduce average cost. Yet branch closures and workforce reductions can damage morale or customer access if implemented mechanically.

The resource-based view explains M&A as a mechanism for obtaining valuable and difficult-to-imitate resources, including trusted brands, customer data, licences, payment infrastructure and managerial capabilities (Barney, 1991). The framework is especially relevant to digital banking, where customer ecosystems and technology can be more strategic than physical assets.

Agency theory and hubris theory provide the critical counterweight. Managers may overestimate synergy, underprice integration risk or overpay for targets. Strong boards, independent valuation, transparent disclosures and post-deal accountability are therefore essential. Market-power theory also predicts higher profitability through scale, but raises concerns about competition, pricing and institutions becoming too big to fail.

2.4 Empirical Evidence

International evidence is mixed. Some bank combinations produce cost efficiency and stronger capital, while others fail because anticipated revenue synergies do not materialize or because integration disrupts customers and employees. The empirical result depends on transaction type, payment method, relative size, governance, economic conditions and the evaluation horizon.

Nigerian evidence generally associates post-2005 consolidation with increases in capital, assets, deposits and lending capacity. Abdulraheem (2022), using NDIC and CBN data for 2005–2019, found that the industry was stronger after consolidation and that capital, earnings and liquidity had positive long-run relationships with economic welfare. However, the study also showed mixed movements in performance indices and cautioned that asset quality did not always improve.

Recent research on the Access–Diamond combination reports improved operating and financial indicators in the post-merger years, but such findings must be interpreted carefully. Access Bank’s growth strategy included additional acquisitions and regional expansion, while the macroeconomic environment changed substantially. A before-and-after result can therefore demonstrate association, not exclusive causation.

The emerging 2024–2026 recapitalization literature emphasizes that large banks can raise equity directly, while smaller or weaker banks may merge, downgrade licences or seek investors. The Unity Bank–Providus Bank proposal, approved in principle by the CBN in August 2024, illustrates the use of merger and regulatory financial accommodation to preserve stability. Conversely, the liquidation of Heritage Bank shows the consequence of prolonged deterioration where recovery is no longer considered viable.

In 2022, Abdulraheem conducted a study to investigate the performance of Deposit Money Banks (DMBs) and their influence on the growth of the Nigerian economy. Data for the years 2005–2019 were taken from the CBN bulletins and the NDIC's annual reports. Utilising trend analysis, the chosen DMB performance indices were examined, and the influence of the independent variables on the dependent variable was investigated using the Autoregressive Distributed Lag Model. The GDPPC (gross domestic product per capita) was chosen as proxy for the dependent variable, and the assets, capital, liquidity, and earnings of deposit money banks were surrogates for the independent variables. The results showed that, while all other variables, with the exception of Asset, had a positive impact on GDP per capita in the short term, all explanatory variables had a significantly positive impact on GDP per capita over the long term.

Additionally, Okonkwo et al., (2022) looked at the banking industry's contributions to the expansion of the Nigerian economy between 1986 and 2020. The study specifically looked at how bank assets, deposits, and credit affected Nigeria's economic growth as determined by real GDP. The Ordinary Least Square Regression and the Granger causality test were used to analyse the data, which were taken from the CBN statistical bulletin. The study's conclusions showed that bank credit and deposits have a major and negative impact on economic growth. On the other hand, Nigeria's economic growth is positively and significantly impacted by banking assets.

The impact of credit from the banking sector on Nigeria's real sector was examined by Magaji et al., in 2023. It made use of an auto-regressive distributed lag model. Real GDP is proxy for the dependent variable (ie Economic Growth), and the bound testing result shows that there is a long-run association among the variables of interest. The outcome showsthat Commercial Bank Credit positively influence Nigeria's GDP both immediately and over an extended period of time. According to the study, utilising bank credits for the real sector is crucial to achieving Nigeria's economic growth.

Using secondary data, Olasehinde et al., (2023) examined the impact of mergers and acquisitions on the banking sector's performance in Nigeria. Five Nigerian commercial banks that were quoted for the 2011–2020 financial years made up the sample size that was chosen. Data were gathered from the Nigerian Exchange Group and research design analysis was performed using descriptive and inferential statistics. The outcome demonstrated that mergers and acquisitions significantly and favourably impacted DBMs' return on assets in Nigeria. The study also found that M&As positively and significantly impacted ROA and positively but not significantly impacted DBMs' earnings per share and return on equity in Nigeria.

Enyinna, Odumegwu, and Stanley (2016) assessed how Nigeria's economic growth was impacted by the consolidation of commercial banks between 2006 and 2015. The dependent variable, economic growth, was proxied by the gross domestic product, while the independent variable, banking consolidation, was represented by bank deposits and bank assets. Ordinary Least Square (OLS) was employed to estimate the parameter values. The outcome demonstrated a strong correlation between Commercial Bank Assets (CBA) and the Real Gross Domestic Product (RGDP). This suggests that CBA has contributed to Nigeria's growth in economy. Additionally, the study discovered no correlation between Commercial Bank Deposits (CBD) and the Real Gross Domestic Product. This suggests that CBD has little to no effect on Nigeria's economic growth.

For 12 years (2000-2011), Nwankwo (2013) evaluated the effects of bank consolidation both before and after it occurred on the growth of the Nigerian economy. As a result of the consolidation, the Nigerian economy has been positively and significantly impacted by the money supply, interest rate, and exchange rate. However, the Nigerian economy was not significantly impacted by interest rate margin, credit to the private sector, saving, or the rate of inflation, according to Adeusi and Oke's (2013) analysis of the effects of bank consolidation on the country's economy from 1986 to 2010.

2.5 Research Gap

The literature leaves four gaps. First, much Nigerian evidence ends before the 2024 recapitalization cycle. Second, many studies treat nominal asset or profit growth as proof of synergy without adjusting conceptually for inflation and exchange-rate revaluation. Third, insufficient attention is given to post-merger integration and governance as intervening mechanisms. Fourth, studies often imply that M&A is superior to organic recapitalization even though several leading banks have remained highly profitable without recent domestic mergers. This article addresses these gaps through a comparative, mechanism-based interpretation of recent evidence.

3. METHODOLOGY

The study adopts an ex post facto, documentary and comparative case-study design. It relies exclusively on secondary data because the relevant events and financial outcomes have already occurred and cannot be manipulated. The design is appropriate for a PhD-level journal article when the objective is to evaluate observable post-consolidation outcomes, institutional mechanisms and policy developments rather than to claim experimental causality.

The study window is 2021–2026. Audited bank-level illustrations are drawn principally from 2021–2024 annual reports and from 2025 audited releases available by July 2026. The year 2026 is incorporated as the terminal policy year of the recapitalization exercise, not as a complete financial observation for every bank. This avoids the academically unacceptable practice of fabricating full-year data.

Sources include CBN reform and recapitalization publications; NDIC annual and quarterly reports; audited annual reports and investor presentations of Access Holdings, Zenith Bank, UBA and GTCO; Nigerian Exchange disclosures; and peer-reviewed research. The institutions selected for comparative illustration include an acquisition-intensive group (Access Holdings), large organically growing banks (Zenith, UBA and GTCO), and regulatory-resolution cases (Unity–Providus and Heritage Bank). This purposeful selection allows the analysis to compare different strategic routes.

The analytical framework follows CAMELS. Capital is assessed through paid-in capital, shareholders' funds and regulatory capital; asset quality through non-performing loans and impairment risk; management and efficiency through cost-to-income outcomes and integration quality; earnings through profit after tax, return measures and revenue composition; liquidity through deposits and funding; and sensitivity through exchange-rate, interest-rate and operational risks. Because definitions vary across reports and holding-company structures, the study emphasizes direction, consistency and mechanisms rather than constructing a false pooled regression from non-comparable figures.

Documentary evidence was triangulated. A claim was retained only where it could be supported by an official regulator, audited report, exchange disclosure or credible scholarly source. Descriptive figures are presented as illustrations and not as causal estimates. This methodological restraint strengthens validity, although it limits the ability to quantify a single average treatment effect.

4. RESULTS AND ANALYSIS

4.1 Regulatory and Transaction Timeline

Year	Event	Immediate significance	Aftermath implication
2021–2023	Post-pandemic recovery and rapid digital-channel growth	Higher transaction volumes and technology spending	Scale became valuable, but cyber and integration risks increased.
2024	CBN raises paid-in capital requirements to ₦500bn/₦200bn/₦50bn for international/national/regional commercial banks	Banks required to comply by 31 March 2026 through equity, M&A or licence change	Renewed incentive for combinations, especially among mid-sized institutions.
June 2024	Heritage Bank licence revoked; NDIC begins liquidation	Demonstrated consequences of persistent weak performance and governance	Strengthened emphasis on early intervention, capital and depositor protection.
August 2024	CBN supports proposed Unity Bank–Providus Bank merger	Regulatory accommodation used to avert systemic risk	Shows that M&A can serve both commercial and resolution objectives.
2025–2026	Capital raising and compliance programmes intensify	Large banks access equity markets; weaker banks consider strategic combinations	M&A becomes one option rather than the only recapitalization route.

4.2 Illustrative 2024 Performance of Selected Large Banking Groups

The 2024 results of major Nigerian banking groups show substantial nominal growth. These figures demonstrate the financial capacity of the post-consolidation banking system, but they should not be read as pure M&A effects because exchange-rate translation, inflation, interest rates, fair-value gains and holding-company diversification also influenced outcomes.

Institution	Selected 2024 indicator	Reported outcome	Interpretive caution
Access Holdings	Total assets / profit after tax	Approximately ₦40.8tn assets and ₦710.7bn PAT	Acquisition-led scale is evident, but group diversification and currency translation matter.
Zenith Bank	Profit after tax / asset growth	PAT about ₦1.03tn; total assets grew strongly	Primarily organic growth provides a counterfactual to the claim that recent M&A is necessary.
UBA	Profit after tax	Approximately ₦766.5bn PAT	Pan-African earnings and exchange effects complicate domestic merger attribution.
GTCO	Total assets / profit after tax	About ₦14.8tn assets and roughly ₦1.02tn PAT	High profitability without a recent domestic bank merger highlights governance and efficiency.

4.3 Capital Strength and Balance-Sheet Scale

The strongest positive aftermath effect of consolidation is the creation of institutions capable of holding much larger balance sheets and accessing domestic and international capital markets. Access Holdings' acquisition-led model produced a very large asset and deposit franchise. Its 2024 audited results reported total assets of about ₦40.8 trillion and deposits of about ₦31.8 trillion. Such scale improves capacity to finance large corporates, invest in technology and diversify geographically.

Nevertheless, size must not be equated with capital adequacy. The 2024 CBN reform defines compliance using paid-in capital rather than total shareholders' funds, thereby preventing banks from relying solely on retained earnings or revaluation reserves. This distinction is important because inflation and currency depreciation can expand nominal balance sheets without proportionately increasing high-quality loss-absorbing capital.

The comparative evidence also shows that organic recapitalization is viable. Zenith, GTCO, UBA, Fidelity and other banks used or announced equity offers, rights issues or listings. Hence, the policy implication is not that every bank should merge, but that each institution should choose the least risky route consistent with franchise strength, ownership capacity and operational readiness.

4.4 Profitability and Shareholder Value

Leading banks recorded exceptionally high nominal profits in 2023–2025. Access Holdings, Zenith, UBA and GTCO all reported substantial earnings, while Zenith's audited 2025 results showed profit after tax of approximately ₦1.04 trillion. These outcomes support the broad proposition that the post-consolidation system contains institutions with strong earnings capacity.

However, profitability evidence does not establish a universal M&A premium. GTCO and Zenith achieved high returns without recent domestic bank acquisitions, whereas acquisition-intensive groups faced higher integration and operating complexity. The appropriate conclusion is that M&A can enlarge the earnings platform, but value creation depends on pricing discipline, funding costs, asset quality and efficiency.

Nominal profits must also be interpreted in the Nigerian macroeconomic context. High policy rates increased yields on earning assets, while exchange-rate movements generated translation and fair-value effects. Inflation simultaneously raised wages, technology costs and branch expenses. Risk-adjusted measures, real returns and recurring earnings are therefore more informative than absolute profit.

4.5 Operational Efficiency and Integration

Operational synergy is the most difficult benefit to realize. Legal completion may take months, but integration of core banking applications, data architecture, cybersecurity controls, branches, products and personnel can take several years. Duplicated systems and migration failures may temporarily increase the cost-to-income ratio and disrupt customer service.

Access Bank's post-Diamond trajectory suggests that a large retail franchise can be absorbed and expanded, particularly when the acquirer possesses integration experience. The combination strengthened retail reach and digital scale. Yet the continuing expansion of the group also increases managerial span, compliance cost and cross-border risk. The aftermath is therefore a continuing management process rather than a one-time outcome.

Employee rationalization is another trade-off. Removing duplicated functions may improve efficiency, but poorly managed redundancies destroy tacit knowledge and create resistance. A credible merger plan should specify retention of critical talent, harmonization of remuneration, retraining, grievance mechanisms and customer-service continuity.

4.6 Asset Quality, Liquidity and Systemic Stability

M&A can improve asset quality when a stronger bank imposes better underwriting and recovery systems. It can also worsen asset quality when the target contains hidden non-performing loans, weak collateral or connected lending. Due diligence and independent asset-quality review are therefore more important than headline asset size.

The Heritage Bank case demonstrates that prolonged financial deterioration can threaten stability and eventually require licence revocation and liquidation. The NDIC's commencement of liquidation in June 2024 confirms that resolution remains necessary where rehabilitation is not credible. By contrast, the Unity–Providus proposal illustrates merger supported by regulatory accommodation as a preventive stability tool.

Liquidity benefits arise when a merged bank obtains a broader and more diversified deposit base. However, depositor confidence can be fragile during integration. Clear communication, continuity of payment channels and prompt regulatory assurance are essential. Institutions created through rescue combinations may require closer liquidity monitoring because legacy depositors may withdraw funds after the transaction.

4.7 Technology, Customers and Market Structure

Technology has become a central M&A motive. Acquiring a digital customer base or payments capability can reduce the time required to build scale. Yet integrating customer data creates privacy, cybersecurity and business-continuity risks. Regulators should therefore assess technology resilience as rigorously as capital.

Customer outcomes are ambiguous. A larger network can improve access, product variety and reliability, but branch closures, account migration and service failures can reduce satisfaction. Post-merger evaluation should therefore include complaints, failed-transaction rates, service downtime and customer attrition, not only financial ratios.

Consolidation may increase market concentration. Larger banks can finance bigger projects and compete across Africa, but they may also acquire pricing power and systemic importance. Competition policy and resolution planning must develop alongside recapitalization so that stronger banks do not become institutions that regulators cannot credibly resolve.

4.8 Assessment of the Research Questions

A. Observable aftermath effects: The evidence supports positive effects on scale, deposit mobilization, regional reach, capital-raising capacity and, in many cases, profitability. Effects on efficiency and asset quality are conditional and sometimes delayed.

B. Scale versus performance: A larger balance sheet does not automatically produce superior risk-adjusted returns. Organically growing banks achieved results comparable to or better than acquisition-intensive institutions.

C. Role of integration and governance: Integration quality, due diligence, board oversight, technology migration and risk culture are decisive intervening variables.

D. Implication of recapitalization: The 2024–2026 programme is likely to produce selective mergers among institutions unable to raise sufficient equity, while stronger banks may recapitalize organically or change licence category.

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The findings are consistent with synergy theory only in a conditional sense. Nigerian consolidation created larger institutions and expanded funding capacity, but synergy is realized rather than automatic. The Access–Diamond case supports the resource-based explanation because Access acquired a substantial retail franchise and digital customer ecosystem. At the same time, the strong performance of GTCO and Zenith supports the agency and efficiency critiques: disciplined organic growth can outperform expansion through acquisition.

The findings also refine earlier Nigerian studies. Abdulraheem's (2022) conclusion that the industry became stronger after consolidation remains broadly valid, particularly in capital, earnings and liquidity. However, contemporary evidence reinforces the weakness identified in asset quality. A merger that simply aggregates weak loans and governance failures can enlarge systemic risk. The Heritage episode makes this issue concrete.

The 2024 recapitalization programme differs from the 2004 reform in important respects. Today's leading banks are larger, digital channels are more important, capital markets are deeper, and financial holding companies allow diversified activities. Consequently, fresh equity and licence restructuring are more credible alternatives to merger. Policy should not encourage combinations merely to meet a numerical threshold; it should require a viable business model and credible integration plan.

Macroeconomic conditions complicate interpretation. Between 2023 and 2025, naira depreciation increased the domestic-currency value of foreign subsidiaries and foreign-currency assets, while high yields supported interest income. These gains can coexist with lower real purchasing power and higher operating costs. Researchers and regulators should therefore separate recurring operating profit, revaluation effects and inflation-adjusted returns.

The overall answer to the study's title is therefore nuanced. The aftermath of M&A in Nigerian DMBs is predominantly positive where the transaction creates complementary resources, adequate capital and disciplined integration. It is negative or neutral where the transaction is driven by regulatory urgency, managerial ambition, poor due diligence or unresolved governance problems.

5.2. Conclusion

This study examined the aftermath effects of mergers and acquisitions on Nigerian Deposit Money Banks during the 2021–2026 policy window using official secondary evidence and a comparative documentary design. The analysis finds that the post-consolidation banking system contains institutions with significantly larger assets, deposits, capital-market access, regional reach and earnings capacity. M&A contributed to this transformation, particularly for acquisition-led groups. Nevertheless, the evidence does not justify the proposition that merger is inherently superior to organic growth. High-performing non-acquiring banks demonstrate that governance, efficiency, low-cost deposits and risk discipline can generate equal or greater value. The decisive issue is therefore not whether banks merge, but whether the combination is economically sound, transparently valued, adequately capitalized and effectively integrated. The 2024–2026 recapitalization programme will likely generate additional combinations, but regulation should prioritize sustainable institutions rather than mechanically larger ones.

5.3 Recommendations

From the findings and researched gaps in this work, the following recommendations were put forward:

1. CBN and NDIC should require each proposed bank merger to publish measurable synergy and integration targets covering capital, cost, asset quality, technology resilience, customers and employees.
2. Independent asset-quality reviews should be completed before approval, with explicit treatment of connected lending, collateral weaknesses, contingent liabilities and cyber risk.
3. Post-merger supervision should continue for at least three years, using quarterly dashboards that distinguish recurring earnings from foreign-exchange and fair-value gains.
4. Banks should use phased technology migration, parallel testing, data reconciliation and customer compensation protocols to reduce operational disruption.
5. Boards should link executive rewards to long-term risk-adjusted value rather than transaction completion or asset growth.

6. Employee integration plans should identify critical skills, harmonize remuneration, provide retraining and implement fair redundancy procedures.
7. Competition authorities and the CBN should monitor concentration, pricing and financial inclusion so that consolidation does not reduce consumer welfare.
8. Researchers should use longer event windows, inflation-adjusted measures and matched control banks when sufficient post-2026 data become available.

5.4 Contribution to Knowledge

The study contributes a mechanism-based interpretation of Nigerian bank M&A that separates scale from sustainable performance. It integrates the mature post-2005 consolidation experience with the 2024–2026 recapitalization cycle, highlights organic growth as a valid comparison, and demonstrates why nominal post-merger profits cannot be treated as a causal measure of synergy. It also proposes an expanded post-merger evaluation framework combining CAMELS indicators with technology resilience, customer outcomes and employee integration.

5.5 Limitations and Directions for Further Research

The principal limitation is data availability. Full-year 2026 audited statements were not available for every bank, and completed domestic mergers within the 2021–2026 window were too few for a credible short-panel causal regression. Holding-company structures and inconsistent ratio definitions also reduce comparability. The study therefore uses transparent documentary inference rather than fabricated econometric results. Future work should extend the dataset through at least 2029, apply difference-in-differences or synthetic-control methods to completed transactions, deflate nominal values, and examine customer complaints, service downtime, employee outcomes and market concentration.

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