

## Comparative Evaluation of Performance and Strategic Intentions in Public and Private Bank M&As

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### ABSTRACT

In the banking industry, the growing trend of buying and merging has become a crucial tactic for attaining financial stability, market expansion, and operational efficiency. The performance results and strategic motivations of M&As in public and private sector banks are compared in this study. The study looks at important factors such market competition, technological innovation, regulatory pressures, and risk diversification using both Indian and foreign literature. The analysis draws attention to the different post-merger performance of public and private banks using financial performance indicators, such as profitability ratios, efficiency scores, and shareholder value measurements. Private bank mergers are typically market-driven, focussing on client base expansion, innovation, and synergy creation, whereas public sector bank mergers are frequently policy-driven and targeted at consolidation and systemic stability. Post-merger success is impacted by gaps in integration procedures, leadership alignment, and cultural fit, according to the report. The study advances knowledge of how ownership structure affects M&A results in the banking sector by fusing empirical data with theoretical ideas. Policymakers, investors, and bank management looking to improve merger strategies and guarantee long-term financial sustainability can benefit greatly from the findings.

**Keywords:** Mergers and Acquisitions, Public Sector Banks, Private Sector Banks, Financial Performance, Strategic Motives, Banking Consolidation

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### Introduction

Acquisitions and mergers (M&As) have long been acknowledged as strategic tools for business expansion, restructuring, and value generation in a variety of industries. The dynamic nature of financial markets, growing rivalry, technological advancement, and changing regulatory frameworks have made mergers and acquisitions (M&As) especially important in the banking industry. According to Sudarsanam (2003) and DePamphilis (2009), M&As are broadly characterised as a variety of transactions that represent the strategic aim of the participating institutions to create synergy, efficiency, and expanded market presence. These transactions include takeovers, mergers, acquisitions, and amalgamations. These combinations can be vertical, where integration takes place throughout the financial value chain; horizontal, where banks with comparable businesses combine to gain economies of scale and market dominance; or conglomerate, which aims to diversify and reduce risk. Increasing shareholder value and long-term financial sustainability are the ultimate goals, regardless of form (Anand & Singh, 2008).

In the banking sector, institutional reforms, regulatory policies, and macroeconomic conditions frequently have an impact on mergers and acquisitions. Strengthening financial stability, increasing capital adequacy, and achieving operational efficiency have been the driving forces for global banking sector consolidation. During the post-1990s period, which was marked by financial liberalisation and

globalisation, economies that have grown including the United States, the United Kingdom, and some areas of Europe saw an unprecedented wave of bank mergers. The market, competition, technological advancement, and the desire for increased profitability drove most of these mergers. In contrast, a lot of Mergers and acquisitions (M&A) have occurred policy-induced in developing economies like India, particularly among public sector banks. These M&A activities are frequently started by government directives or regulatory bodies like the Reserve Bank of India (RBI) in order to ensure systemic stability and consolidate fragmented banking structures.

After the financial sector was liberalised in the early 1990s, the banking consolidation drive in India gained traction. To build stronger, more competitive organisations that could match international standards, a number of policy-driven mergers among public sector banks were carried out. For example, the government's intention to streamline operations and improve efficiency is shown in mergers like the State Bank of India With its affiliated banks and the amalgamation of Bank of Baroda, Dena Bank, and Vijaya Bank. Strengthening the capital base, lowering non-performing assets (NPAs), and enhancing governance structures are common goals of public sector mergers. However, private sector bank mergers—like HDFC Bank's acquisition of Centurion Bank of Punjab or Kotak Mahindra Bank's merger with ING Vysya—are driven by the market and are mainly driven by increased profitability, customer acquisition, market share expansion, and access to new technology.

The results of banking M&As are still inconsistent despite their increasing frequency; some studies report notable increases in profitability, liquidity, and efficiency (Das, 2015; Patel & Shah, 2016), while others find negligible or even detrimental effects (Halko's & Tzeremes, 2013; Vallascas & Hagendorff, 2011). The success or failure of such mergers is frequently determined by elements including cultural mismatch, leadership conflict, difficulties integrating technology, and misaligned strategic goals. The motivation, procedure, and post-merger performance results are significantly impacted by the ownership structure, whether it is public or private. While commercial banks may prioritise, shareholder returns and competitive advantage due to profit-maximization goals, public banks may prioritise national economic interests due to social aims and regulatory mandates.

Additionally, research comparing the M&As of public and private banks is still in its infancy, particularly in developing nations like India. There is little information on how ownership structure affects strategic intent, integration success, and performance outcomes in the Indian banking sector, despite the fact that foreign literature offers substantial insights into both domestic and international bank mergers. In order to comprehend the disparities in strategic motivations, regulatory effects, and post-merger financial performance between public and private sector banks, this gap necessitates a thorough assessment and comparative analysis.

Therefore, using both Indian and foreign viewpoints, this study aims to investigate the comparative aspects of M&As in public and private sector banks. It seeks to determine how different ownership types have different motivations, how structural and policy issues affect performance outcomes, and what can be learnt for next banking consolidations. In the backdrop of India's changing financial ecosystem, where digital transformation, Basel III regulations, and international competition are changing the strategic imperatives of banking institutions, this investigation is especially pertinent.

## **Data And Methodology**

The current study is based on a thorough analysis of the literature on mergers and acquisitions (M&As) in the banking industry, with a particular emphasis on contrasting the strategic goals and performance of banks in the public and private sectors. Of the 78 research articles that were published between 2000 and 2022, 25 dealt with the Indian banking sector and 53 with international contexts, such as the US, UK, Japan, Malaysia, and other emerging economies. Using terms like "bank mergers," "acquisitions," "public sector banks," "private sector banks," and "post-merger performance," the information was gathered from reliable academic sources like Scopus, Web of Science, JSTOR, and Google Scholar.

Most of the selected studies focus on ownership structure, efficiency, financial performance, and strategic motivations and are conceptual and empirical in nature. For analytical clarity, the research publications were classified according to their focus, methodology, and geographic extent. In order to ascertain how public and private banks differ in terms of strategic objective, regulatory consequences, and post-merger outcomes, the study used a systematic literature review (SLR) technique to investigate critical aspects such as profitability, efficiency, capital sufficiency, and shareholder value. Due to accessibility concerns, not all published works could be included; however, the selected sample provides a comprehensive picture of both Indian and international trends in banking M&As.

## **Methodology**

The purpose of this study is to provide an overview of the research findings on mergers and acquisitions (M&As) in public and private sector banks from 2000 to 2022. Keyword descriptions like "bank mergers," "public sector bank M&As," "private sector bank M&As," "bank consolidation," and "strategic motives in banking," along with other variations like "bank amalgamations" and "financial mergers," were used in the literature search. Only studies that were empirical in nature, directly relevant to banking M&As, and whose full texts were available were chosen from a sizable pool of results. After the application of these criteria, 76 research publications in all—24 on the Indian banking industry and 52 on global banking systems encompassing both established and emerging economies—were included in the final sample. To find important topics and analytical variables, the whole texts of these works were carefully reviewed. Studies on public and private sector bank mergers were compared based on two main categories: (i) the study's primary focus, which represents key research themes like shareholder value, strategic motivations, and post-merger performance; and (ii) the variables used for empirical analysis, which include financial, market-based, and organisational indicators. Based on these divisions, the reviewed papers were further grouped into 12 thematic categories and 7 analytical groups. The data were analyzed using tables, charts, and percentage comparisons to identify common patterns, differences, and trends between public and private bank mergers. To organize the findings effectively, the entire literature dataset was structured into a simple conceptual model illustrating the two divisions and their subcategories, providing a clear framework for the comparative assessment of research on banking M&As worldwide.

The current study examined the research literature on mergers and acquisitions (M&As) in public and private sector banks using an organised and methodical methodology that included review, tabulation, division, categorisation, and analysis. An detailed assessment of pertinent empirical and conceptual papers from national and international journals served as the first step in the process. The gathered literature was then tabulated and divided into two major groups according to ownership structure: public sector banks and private sector banks. The data were then separated into two main analytical dimensions: (i) the study's primary focus, which represented the prevailing research themes like shareholder value creation, post-merger performance, and strategic motives; and (ii) the variables used, which referred to the particular financial, efficiency, market-based, and policy indicators used for empirical analysis.

Following the divide, a thorough categorisation was carried out, dividing the studies into seven analytical groups under the variables used dimension and twelve thematic categories under the prime focus dimension. The detection of recurrent patterns, methodological variations, and new research goals across ownership kinds and geographic locations was made possible by this multi-level classification. In order to identify the main differences and patterns between public and private bank M&As, an analysis was conducted using descriptive statistics, particularly percentages, frequency comparisons, and graphical charts. The classification framework and a thorough description of how the whole corpus of literature on banking M&As has been arranged in accordance with the principles delineated in the aforementioned model are expounded upon in the following section.

The results of the literature review are presented in this portion of the paper. The model created in the previous section, which categorises research based on their emphasis and the variables utilised for analysis, served as the basis for the review and analysis. The following is a presentation of the results:

### **A. Sampling Area**

It is evident from the sample composition that M&As in private sector banks have attracted relatively greater academic attention globally due to their market-driven nature, strategic motives, and measurable post-merger performance outcomes. In contrast, public sector bank mergers, though fewer in number, are more policy-driven and aimed at achieving systemic stability and financial inclusion. The distribution of research indicates that while both segments are widely studied, the international research community has explored the topic more extensively, reflecting its significance in global financial restructuring and competitiveness in the banking industry.

### **B. Main Priority**

The sampling area for this study consists of research articles on Public Sector Banks (PSBs) and Private Sector Banks (PrSBs) in both Indian and international contexts. Comparing how M&A research differs across ownership structures and geographical boundaries is made simpler by this classification. Of the 76 research papers that were included for the study, the Indian banking sector accounts for 31.6% (24 papers), while the foreign banking industry accounts for 68.4% (52 articles). In the Indian studies, 14 papers concentrate on M&As in public sector banks, whereas 10 publications examine mergers between private sector banks. Globally, the focus is more diverse, with studies covering both state-owned and privately held financial institutions.

Multiple "prime focus" segments were designated where appropriate because a single research report may cover multiple theme orientations. In order to comprehend the main avenues of scholarly research on mergers and acquisitions (M&As) in public and private sector banks in Indian and global contexts, the classification was carried out. On the one hand, performance analysis was the main focus of studies like Patel and Shah (2016), Das (2015), Rahman et al. (2016), Patel and Patel (2015), Bassi and Gupta (2015), Ganesan and Parthasarathy (2012), Altunbas and Marques (2008), and Knapp et al. (2006). These studies evaluated post-merger profitability, efficiency, and shareholder wealth. These studies looked at mergers in the public and private sectors to determine whether consolidation produced better financial and operational results.

Since a single research report may cover several theme orientations, various "prime focus" portions were marked where applicable. The classification was done in order to understand the primary directions of academic research on mergers and acquisitions (M&As) in public and private sector banks in Indian and international contexts. Studies such as Patel and Shah (2016), Das (2015), Rahman et al. (2016), Patel and Patel (2015), Bassi and Gupta (2015), Ganesan and Parthasarathy (2012), Altunbas and Marques (2008), and Knapp et al. (2006) all focused on performance analysis. These studies assessed shareholder wealth, efficiency, and post-merger profitability. In order to ascertain if consolidation led to improved financial and operational outcomes, this research examined mergers in the public and private sectors.

Smaller but growing body of research has also examined Shareholder Value and Market Reactions (Anand & Singh, 2008; Georgios & Georgios, 2011; Koetter, 2005), highlighting how ownership type influences investor perceptions. Notably, private bank mergers tend to exhibit positive short-term market reactions, while public sector mergers display moderate but more stable long-term outcomes.

Overall, the thematic distribution indicates that the 'Performance Analysis' and 'Strategic Motives' categories dominate the literature, together accounting for more than half of the reviewed studies. This trend suggests that researchers have primarily concentrated on understanding how ownership structure—public versus private—affects both the drivers and results of banking mergers.

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Performance analysis was the subject of several studies, including those by Patel and Shah (2016), Das (2015), Rahman et al. (2016), Patel and Patel (2015), Bassi and Gupta (2015), Ganesan and Parthasarathy (2012), Altunbas and Marques (2008), and Knapp et al. (2006). These analyses evaluated post-merger profitability, efficiency, and shareholder wealth. These studies looked at mergers in the public and private sectors to determine whether consolidation improved financial and operational outcomes.

**Table I: Categorisation of Reviewed Literature according to "Prime Focus"**

Prime Focus (Themes)	Frequency of the Theme in Research Papers
M&A Strategic Motives and Determinants	22
Market Reaction and Shareholder Value	12
Organisational and Post-Merger Integration Challenges	6
Market-driven versus policy-driven mergers	5
Cultural Synergy and Human Resources	3
Impact of Public versus Private Ownership	3
Financial Stability and Risk Management	3
Governance and Regulation Concerns	2
Others (Conceptual/Case-Based Research)	2

### Interpretation:

Table I shows that the themes of Performance Analysis and Strategic Motives predominate in the studied literature, making up about two-thirds of the studies. This suggests that studies have mostly focused on assessing the results and factors that influence M&As, particularly contrasting the effectiveness and strategic justification of banks in the public and private sectors. While comparatively few studies have thoroughly examined governance, risk management, and cross-border consolidation elements, themes pertaining to shareholder value, regulatory implications, and post-merger integration have also received significant attention.

However, a number of authors (Patel & Shah, 2016; Das, 2015; Rahman et al., 2016; Halko's & Tzeremes, 2013; Vallascas & Hagendorff, 2011; Kuriakose & Kumar, 2010; Ganesan & Parthasarathy, 2012; Chatterjee, 2016; Behr & Heid, 2011; Figueira & Nellis, 2009; Altunbas & Marques, 2006). A number of studies have looked at related topics like efficiency, post-merger management concerns, and regulatory changes (Bassi & Gupta, 2015; Georgios & Georgios, 2011; Koetter, 2005; Drake & Hall, 2003).

A small number of research examined new or understudied subjects under the heading "Others," such as conceptual frameworks, case-based analyses, or comparative views on ownership arrangements (Chimere & Chukwunyere, 2017; Sharma et al., 2012; Prusty, 2015). It is evident that Performance Analysis is the most prevalent theme in the reviewed literature, closely followed by Strategic Motives and Determinants and Shareholder Value/Market Reaction. Between 2000 and 2022, M&A research in the banking industry will mostly focus on these three sectors.

While comparatively fewer studies examined cross-border, governance, or risk management issues, other recurrent topics include Human Resource and Cultural Integration, Post-Merger Process and Valuation, and Policy vs. Market-Driven Mergers. Although they are still relatively rare, comparative studies on ownership structure (public vs. private) and integration outcomes have recently attracted more attention. Overall, the literature shows that while performance and strategic intent continue to receive the majority of scholarly attention, qualitative elements like human capital, cultural alignment, and the regulatory environment are becoming increasingly important in determining the success of mergers and acquisitions. The examined papers are categorised in depth using the aforementioned topic categories in Table II.

**Table II. Details of Prime Focus Categorization**

<b>Prime Focus (Themes)</b>	<b>Specific Focus Areas Covered Under Each Theme</b>
<b>Performance Analysis</b>	Profitability; Financial performance; Efficiency; Operating performance; Return on assets and equity; Cost efficiency; Synergy realization; Financial growth of merged entities
<b>Strategic Motives, Determinants, Benefits, and Consequences</b>	Motives behind M&As; Strategic synergies; Market expansion; Technological advancement; Competitive advantage; Economies of scale; Risk diversification; Long-term sustainability
<b>Shareholder Value / Market Reaction</b>	Market reaction to merger announcements; Shareholder wealth maximization; Determinants of stock performance; Event study analyses; Investor perception; Market-based efficiency
<b>Human Capital and Cultural Integration</b>	Workforce restructuring; Leadership alignment; Cultural compatibility; Employee morale; Human resource synergies; Integration management challenges
<b>Post-Merger Process and Valuation</b>	Merger execution process; Due diligence; Risk assessment; Valuation methodologies; Share swap ratios; Integration timelines
<b>Policy-Driven vs Market-Driven Mergers</b>	Government-directed mergers; Regulatory reforms; Policy rationales for consolidation; Market-led expansion strategies; Ownership-driven motives
<b>Public vs Private Ownership Impact</b>	Comparative analysis of governance structures; Ownership influence on efficiency and decision-making; Role of managerial autonomy; Stakeholder alignment
<b>Technological and Operational Efficiency</b>	Digital integration post-merger; IT system consolidation; Operational process improvements; FinTech adaptation
<b>Cross-Border and International Comparisons</b>	Cross-country performance assessment; Global best practices; Strategic alignment between international and domestic banks
<b>Risk Management and Financial Stability</b>	Post-merger capital adequacy; Liquidity management; Risk diversification strategies; Basel norms compliance
<b>Regulatory and Governance Issues</b>	Supervisory frameworks; Compliance challenges; Corporate governance reforms; Transparency and accountability in merger processes
<b>Others</b>	Sustainability integration; Customer service quality; Financial inclusion outcomes; Case-based and conceptual frameworks on ownership structure

**Interpretation:**

The literature is dominated by Performance Analysis, Strategic Motives, and Shareholder Value, which are the most common research focus areas in both public and private bank M&As, according to Table II. Studies on human capital, the post-merger process, and policy-driven versus market-driven mergers come next. In the post-2020 banking consolidation scenario, themes including risk management, governance, and technological efficiency are less common yet represent developing fields of scholarly and practical significance.

**C. Variables Utilised in Reviewed Studies**

The frequency of the different variables used for analysis in the research paper examined for this study are shown in Table III. Multiple "variables utilised" segments were assigned to each study because the majority of studies used a combination of financial, market-based, and organisational indicators to achieve their research objectives. For instance, to evaluate the effect of mergers on overall bank performance, Patel and Shah (2016) and Das (2015) employed a variety of financial performance metrics, including profitability ratios, return on assets (ROA), and efficiency ratings. In a similar vein, Chatterjee (2016) and Anand & Singh (2008) measured shareholder value generation in public and private bank mergers using market-based variables, including stock returns and abnormal gains.

Halko's and Tzeremes (2013) and Altunbas & Marques (2008), on the other hand, used Data Envelopment Analysis (DEA) methods and input/output efficiency factors to record changes in productivity and operational efficiency after merger. Studies like Kuriakose and Kumar (2010) and Behr and Heid (2011) combined organisational and management factors, highlighting governance structures, human capital, and integration efficacy as factors that determine merger success. A few international studies, such as Knapp et al. (2006) and Figueira and Nellis (2009), expanded their study to include external macroeconomic factors that affect M&A results, such as interest rate changes, regulatory changes, and technical advancements.

Overall, it is shown that overseas research takes a more varied approach by include market, policy, and risk variables, whereas Indian studies mostly depend on accounting-based variables like profitability and efficiency ratios. This suggests that, in comparison to India, the methodological scope of research on banking M&As is wider in international contexts, particularly when differentiating between mergers in the public and private sectors. The types and frequency of variables used across the evaluated literature are summarised in Table III below.

**Table III. Classification of Reviewed Literature on Basis of "Variables Utilised"**

Variables Utilised	Frequency of Variable in Research Papers
Financial Performance Variables (ROA, ROE, Profitability Ratios, Cost-to-Income Ratio, NIM, EPS)	46
Efficiency and Input/Output Variables (DEA, Productivity Measures, Operating Efficiency, Technical Efficiency)	38
Market-Based Variables (Stock Returns, Abnormal Gains, Shareholder Wealth, Event Study Measures)	25
Strategic and Business Variables (Synergies, Growth Rate, Market Share, Competitive Advantage, Diversification Index)	23
Human Resource and Organizational Variables (Cultural Integration, Employee Morale, Leadership, HR Synergies)	14
Merger Process and Structural Variables (Valuation Methods, Integration Duration, Regulatory Approvals)	9
External and Policy Variables (Macroeconomic Factors, Regulatory Reforms, Capital Adequacy, Interest Rate Movements)	8

**Interpretation:**

Table III makes clear that the most commonly used metrics in M&A studies across public and private sector banks are financial performance and efficiency variables. This indicates a significant emphasis on quantitative evaluation of post-merger results. Due of the increased interest in how the financial market views acquisitions and their strategic goal, market-based and strategic variables are also quite important. However, the analysis of human resource, organisational, and external variables is less common, suggesting that qualitative aspects of M&A research, such as cultural integration, leadership alignment, and policy influence, are still understudied.

Financial performance variables are the most commonly employed variables in the examined research, followed by input/output and efficiency variables, as well as market-based and strategic/business variables. These categories, which represent academics' focus on gauging profitability, efficiency, and shareholder value generation as markers of merger success, predominate empirical assessments in both public and private bank M&A research. Human resource and organisational variables as well as merger process variables—which capture the qualitative elements of post-merger integration, cultural alignment, and governance structures—are other often examined variables.

The least studied group consists of external and policy variables, which have gotten little empirical attention despite their significance in determining merger outcomes, particularly in public sector bank consolidations. This disparity highlights the need for more thorough frameworks that incorporate institutional, regulatory, and macroeconomic aspects into M&A performance research. Table IV below provides details of the various variables grouped under each of the aforementioned categories.

**Table IV. Details of Variables Utilised Categorization**

<b>Variables Utilised</b>	<b>Specific Variables / Indicators Used in Reviewed Studies</b>
<b>Financial Performance Variables</b>	Profitability; Return on Assets (ROA); Return on Equity (ROE); Net Interest Margin (NIM); Earnings per Share (EPS); Cost-to-Income Ratio; Liquidity; Leverage; Solvency; Operating Performance; Financial Growth; Stability Ratios
<b>Efficiency and Input/Output Variables</b>	Deposits; Advances; Loans and Investments; Total Assets; Capital Adequacy; Income and Expenses; Operating Costs; Output Efficiency; Technical Efficiency; Productivity Index (DEA, SFA Models)
<b>Market-Based Variables</b>	Stock Price Movements; Abnormal Returns; Shareholder Wealth; Market Capitalization; Event Window Reactions; Price-to-Book Ratio; Market Efficiency Indicators
<b>Strategic / Business Variables</b>	Growth Rate; Market Share; Size; Diversification; Competitive Advantage; Risk and Default Risk; Prudence Ratio; Product Mix; Location Advantage; Expansion Strategy
<b>Human Resource and Organizational Variables</b>	Leadership Alignment; Employee Morale; HR Expenses; Cultural Compatibility; Communication and Integration Practices; CEO and Management Characteristics; Human Productivity; Organizational Synergy
<b>Merger Process and Structural Variables</b>	Valuation Methods; Swap Ratio; Merger Premium; Integration Period; Merger Rationale; Transaction Type (Voluntary/Compulsory); Risk and Due Diligence Practices
<b>External and Policy Variables</b>	Regulatory Reforms; Economic Conditions; Consolidation Policies; Basel Norms; Monetary Policy; National Income; Risk-Free Rate; Cultural and Institutional Environment; Financial Inclusion Policies



**Interpretation:**

Table IV makes clear that Financial Performance and Efficiency Measures are the most frequently used variables in both Indian and foreign research on banking M&As. In order to assess market-driven efficiency and shareholder reactions, variables pertaining to market performance and strategic business decisions are also widely used, especially in private bank mergers. Conversely, Human Resource, Merger Process, and External Policy Variables are comparatively underutilized, despite their increasing relevance in explaining post-merger integration and long-term stability—especially within public sector bank consolidations.

**D. Comparison of ‘Sampling Areas’ on Basis of ‘Prime Focus’**

The comparative statistics of research studies on public and private sector bank M&As, both in India and abroad, are shown in Table V and Figures III and IV in relation to the main topics found in the literature. The total number of themes that have been recognised is 97. The categorisation shows how different ownership types and geographical areas have distinct research priorities.

**Table V. Comparison of ‘Sampling Areas’ on Basis of ‘Prime Focus’**

Prime Focus / Theme	International		Indian		Total
	Frequency	Percentage (%)	Frequency	Percentage (%)	
Performance Analysis	17	24.64	11	36.67	28
Strategic Motives / Determinants / Benefits / Consequences	14	20.29	8	26.67	22
Shareholder Value / Market Reaction	12	17.39	5	16.67	17
Efficiency and Productivity	8	11.59	3	10.00	11
Human Resource & Cultural Integration	4	5.80	2	6.67	6
Post-Merger Process / Valuation	4	5.80	1	3.33	5
Policy-Driven vs Market-Driven Mergers	3	4.35	2	6.67	5
Public vs Private Ownership Impact	3	4.35	1	3.33	4
Risk Management & Financial Stability	2	2.90	1	3.33	3
Regulatory and Governance Issues	2	2.90	1	3.33	3
Others	1	1.45	1	3.33	2
<b>Total</b>	<b>70</b>	<b>100.00</b>	<b>30</b>	<b>100.00</b>	<b>97</b>

**Interpretation:**

Table V shows that, with about one-third of all studies on M&As in the banking industry, the Performance Analysis theme predominates in both Indian and foreign research. Strategic Motives/Determinants and

Shareholder Value, which continue to be the most often mentioned priority areas for both ownership types, come next.

Efficiency, market response, and risk management are given more weight in international studies, which reflects sophisticated modelling methods and data accessibility in mature financial markets. Indian studies, on the other hand, highlight the nation's regulatory-led consolidation initiatives and demonstrate a stronger focus in policy-driven mergers and public-private comparisons. Although they have received less attention, themes pertaining to governance, human capital, and integration problems are becoming important topics for future study, especially when evaluating post-merger success and sustainability in the banking sector.

It is evident that the two most prevalent research issues in both Indian and foreign studies on M&As in the banking industry are performance analysis and strategic motives/shareholder value creation. Although a number of comparative studies (e.g., Kuriakose & Kumar, 2010; Altunbas & Marqués, 2008; Du & Sim, 2016) have examined the variations in post-merger results between public and private sector banks, there is still a dearth of research that focusses explicitly on ownership-based strategic objectives. A few studies have looked at policy-driven mergers in public sector banks in India (e.g., Narwal & Pathneja, 2013; Kuriakose et al., 2009), emphasising goals including systemic stability, financial inclusion, and government consolidation. On the other hand, market-driven private bank mergers have been the subject of greater international research, with a focus on efficiency, innovation, and cross-border expansion goals (e.g., Molyneux et al., 2014; Guo & Yang, 2013; Valkanov & Kleimeier, 2007). Notably, global integration concerns that have been the subject of several international analyses—such as international competitiveness, cross-country regulatory harmonisation, and global capital flow dynamics—have not received much attention from Indian research (Dunn et al., 2015; Voesenek, 2014). This comparison shows that although performance evaluation is a top priority for both research streams, the scope and contextual orientation are very different. While international studies focus on global competitiveness and shareholder value maximisation, Indian studies emphasise domestic policy impacts and restructuring.

#### E. Comparison of 'Sampling Areas' on the Basis of 'Variables Utilised in Reviewed Studies'

The comparison data of public and private sector bank research studies with regard to the different variables used for empirical analysis in the examined literature are shown in Table VI and Figures V and VI. In both ownership groups, the sum of the frequencies of all the variables found is 168. The comparison shows that although performance-based and financial efficiency indicators are the main focus of both public and private bank M&A research, the types and frequencies of variables utilised varied greatly because of different ownership structures and aims.

**Table VI. Comparison of 'Sampling Areas' on the Basis of 'Variables Utilised in Reviewed Studies'**

Variables Utilised	Public Sector Banks		Private Sector Banks		Total
	Frequency	Percentage (%)	Frequency	Percentage (%)	
Financial performance variables (ROA, ROE, EPS, NIM, etc.)	26	30.23	18	22.50	44
Efficiency and productivity variables (DEA, cost/income, asset turnover)	20	23.25	15	18.75	35

Market-based variables (shareholder return, stock price reaction, Tobin's Q)	10	11.62	12	15.00	22
Strategic and organizational variables (synergy, managerial efficiency, integration)	8	9.30	10	12.50	18
Policy and regulatory variables (capital adequacy, NPA levels, government directives)	12	13.95	4	5.00	16
Macroeconomic and external variables (interest rate, GDP growth, inflation)	6	6.97	5	6.25	11
Human resource and cultural variables (employee performance, post-merger integration)	4	4.65	8	10.00	12
<b>Total</b>	<b>86</b>	<b>100.00</b>	<b>72</b>	<b>100.00</b>	<b>168</b>

Performance and efficiency characteristics predominate in all categories, making up more than half of all variables used, according to the comparison analysis. However, because of the impact of government-driven merger objectives, public sector studies typically focus on policy, capital adequacy, and NPA-related variables. Studies conducted in the private sector, on the other hand, focus more on organisational and market-based factors, emphasising shareholder value creation, innovation, and competitiveness.

These findings are graphically represented in Figures V and VI (not shown here), which show that although the general direction of research focus stays the same, the weighting of variables changes according to ownership structure—public bank M&A research is dominated by policy sensitivity and systemic stability, while private bank studies are defined by profitability, synergy realisation, and market performance.

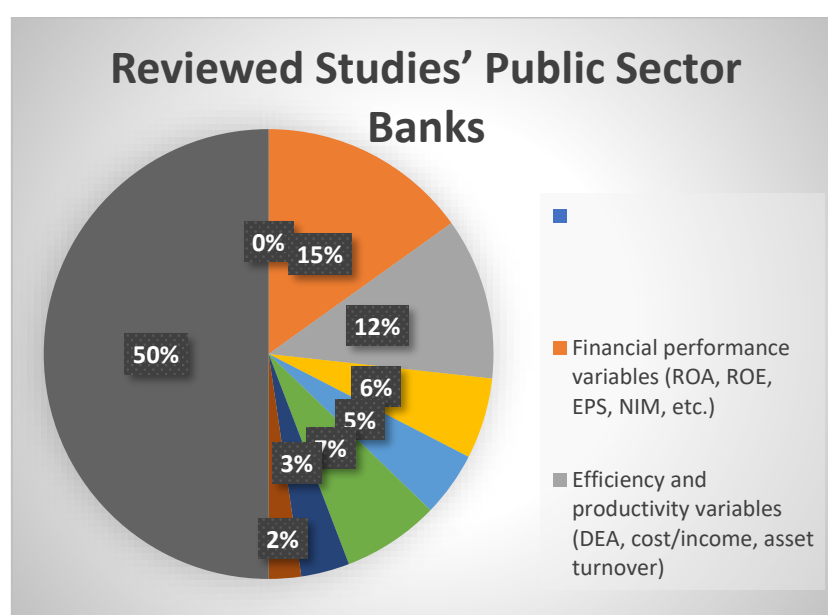


Figure V. Percentage of Total Frequency 'Variables Utilised in Reviewed Studies'

It is evident that the two most commonly used research indicators in studies on mergers and acquisitions (M&As) involving both public and private sector banks are financial performance factors and efficiency/productivity variables. Although post-merger profitability and operational efficiency are prioritised in both ownership categories, there are significant differences in the focus of variable selection. For example, because these mergers are driven by policy, public sector bank studies frequently use policy and regulatory variables like capital adequacy ratios, non-performing asset levels, and government directives (Kuriakose & Kumar, 2010; Narwal & Pathneja, 2013; Patel & Shah, 2016). Conversely, strategic and market-based factor (Altunbas & Marqués, 2008; Valkanov & Kleimeier, 2007; Rahman et al., 2016; Du & Sim, 2016) are more prevalent in private bank research, reflecting a market-oriented approach centered on profitability, shareholder value, and competitive advantage. Furthermore, it is observed that in studies of private sector mergers, where managerial discretion and human resource strategies have a significant impact on results, organisational and cultural integration variables—such as employee performance, management synergy, and post-merger adaptation—appear more prominently. On the other hand, despite their potential influence on merger performance, public sector bank studies frequently underuse external and macroeconomic variables, such as changes in interest rates, GDP growth, or global financial connections (Molyneux et al., 2014; Guo & Yang, 2013; Olivero et al., 2011). This disparity indicates a methodological gap: while international and private bank studies increasingly incorporate broader environmental and strategic variables, Indian public bank research remains concentrated on traditional accounting ratios and policy indicators. Overall, the comparative analysis highlights the need for future studies to integrate external, behavioural, and strategic dimensions to obtain a more holistic understanding of M&As in the banking sector across ownership structures.

## **F. Other Observations and Findings**

Several more descriptive findings from the research articles examined for the current study on M&As in Public vs. Private Sector Banks: Comparative Analysis of Performance and Strategic Motives are presented in this part. Research on public sector bank mergers in India has often been policy-driven, with numerous studies arising in response to significant consolidation attempts spearheaded by the Reserve Bank of India (RBI) and the Government of India after 2010. These studies pay little attention to organisational or behavioural aspects and instead concentrate on assessing how mergers affect financial stability, capital adequacy, and asset quality. In contrast, private sector bank studies, both in India and abroad, exhibit a more market-oriented approach, emphasizing themes such as profitability enhancement, synergy creation, innovation, and customer expansion.

Another important finding is that while international studies typically use more complex econometric and efficiency models like DEA (Data Envelopment Analysis), SFA (Stochastic Frontier Analysis), and event study methodologies, the majority of Indian studies heavily rely on secondary data sources, especially financial statements and RBI publications, and use straightforward ratio or comparative analysis techniques. Additionally, overseas literature frequently contains longitudinal or cross-country comparisons, enabling a fuller understanding of sustained post-merger consequences, whereas short-term performance evaluation predominates in Indian research.

Additionally, it was shown that the temporal distribution of research strongly corresponds with major merger waves: global research output soared after the global financial crisis (2008–2012), whereas Indian publications peaked during times of public bank consolidations (2017–2020). Nevertheless, there are still few studies in both domains that look at post-merger integration, human resource dynamics, digital transformation, and cultural alignment.

These findings point to a changing but unequal research landscape in which the qualitative and strategic aspects of M&As, especially in public sector banks, still demand more scholarly attention while quantitative performance evaluation predominates.

The year-by-year distribution of research on mergers and acquisitions (M&As) in public and private sector banks from 2000 to 2022 is shown in Figure VII. According to the trend, there were more studies on public sector bank mergers (Kuriakose & Kumar, 2010; Narwal & Pathneja, 2013; Patel & Shah,

2016; Das, 2015; Chatterjee, 2016; Rahman et al., 2016) than private sector bank mergers (Altunbas & Marqués, 2008; Du & Sim, 2016; Rahman et al., 2016; Molyneux et al., 2014) in some years. According to the statistics, there was a significant increase in scholarly interest in banking M&As between 2010 and 2020, which coincided with significant structural changes and advancements in the global financial system.

The pattern continued to fluctuate between 2000 and 2010, with noteworthy research outputs in 2007 and 2009 that were frequently linked to post-liberalization merger activity and the global financial crisis, which prompted comparative evaluations of merger performance and stability. Due to global interest in efficiency and shareholder value studies as well as the Indian government's aim for public bank consolidation, the post-2010 timeframe—particularly between 2015 and 2020—represents a boom period for M&A research. However, after 2020, the number of new research indicates a minor reduction, perhaps as a result of the COVID-19 pandemic and the conclusion of significant waves of mergers.

Note that studies published up until early 2022 are included in this assessment. Additional publications from the later time may suggest a resurgence of interest in research, especially in areas such as digital integration, ESG-driven mergers, and cross-border financial consolidation. Overall, Figure VII shows how M&A research in banking has changed in response to policy and economic trends, with a shift in focus from structural consolidation in public sector banks to innovation and market expansion in private banks.

**Figure VIII presents a country-wise classification of international studies on Public and Private Bank M&As**

The classification of international research studies on mergers and acquisitions (M&As) in the public and private banking sectors by country is shown in Figure VIII. The information shows that most international research focused on the United States and multi-country samples, such as the European Union, Asian economies, and Latin American markets, where cross-border mergers and banking consolidation have been hot topics of study. In addition, several notable studies were carried out in Japan (Harada & Ito, 2011; Kaoru & Koji, 2007; Drake & Hall, 2003), Germany (Koetter, 2005; Behr & Heid, 2011; Koetter et al., 2007), Greece (Antoniadis et al., 2014; Halkos & Tzeremes, 2013; Georgios & Georgios, 2011; Mylonidis & Kelnikola, 2005), and Nigeria (Akinbuli & Kelilume, 2013; Adebayo & Olalekan, 2012; Gomes et al., 2012; Chimere & Chukwunyere, 2017). While developing nations like India, Nigeria, and Pakistan have only lately become important contributors to this field of study, the majority of research comes from developed economies like the United States and Western Europe, indicating their long-established merger markets and data accessibility.

## **5. Conclusion**

The current study examined 76 research articles on mergers and acquisitions in public and private sector banks that were gathered from reputable academic databases and journals between 2000 and 2022. The data shows that although interest in the subject has been constant around the world, research intensity and concentration differ greatly between ownership arrangements and geographical areas. Studies on public sector bank mergers in India have been more numerous in recent years, especially after significant government-led consolidation initiatives between 2017 and 2020. However, the literature from around the world—especially from the United States and Europe—shows a greater emphasis on market-driven private bank mergers, highlighting efficiency, international competitiveness, and the development of shareholder value.

A comparative analysis of variables used across studies revealed that Indian research tends to rely heavily on financial performance and accounting ratios, with limited incorporation of external economic, policy, or strategic variables. International research, on the other hand, frequently uses sophisticated econometric models and incorporates more extensive macroeconomic and regulatory elements, providing more thorough insights. The lack of attention to external determinants and strategic variables in Indian studies may partly explain the inconsistency in their findings on post-merger performance

Furthermore, while international researchers have progressively moved toward cross-country and global comparative studies (Molyneux et al., 2014; Du & Sim, 2016; Voesenek, 2014), Indian scholars have yet to fully adopt this approach. India's research focus is still mostly domestic and policy-oriented, ignoring multi-market dynamics and global viewpoints. This highlights a methodological and thematic gap that must be addressed to align Indian banking M&A research with international standards.

## 6. Utility of the Study and Scope for Future Research

The current paper provides a thorough and methodical analysis of empirical research on mergers and acquisitions (M&As) in banks in the public and private sectors, offering insights into their strategic motivations and comparative performance outcomes. Scholars, academics, and policy researchers can use this study as a reference framework to save time while reviewing the material and to provide conceptual clarity for future research on banking consolidation. Additionally, bank executives, financial analysts, and regulators can utilize the findings of this study to better design and implement merger strategies that enhance operational efficiency, profitability, and stakeholder value while minimizing integration challenges.

From a research standpoint, this review points out important gaps and new directions for future study. Future studies could focus on ownership-specific determinants of M&A success, exploring how factors such as management efficiency, technological adaptation, digital integration, and cultural alignment influence post-merger outcomes differently in public and private sector banks. Moreover, there is a need for more cross-country comparative studies to assess how varying regulatory frameworks, institutional quality, and governance mechanisms shape M&A performance globally.

The effects of macroeconomic and external policy factors, such as monetary policy shifts, government orders for consolidation, and worldwide financial volatility, on merger outcomes should potentially be investigated in more detail. Comparative evaluations of performance before and after mergers in times of crisis and non-crisis, especially the COVID-19 era, may potentially yield insightful information. Additionally, the role of FinTech-driven mergers, ESG (Environmental, Social, and Governance) factors, and cross-border acquisitions in shaping the next phase of banking sector consolidation represents a promising direction for future inquiry.

In essence, this study contributes to the ongoing academic and policy discourse by highlighting that while M&As remain a crucial strategy for inorganic growth and financial resilience, their success depends heavily on ownership structure, integration efficiency, and external economic conditions. Future studies can improve knowledge of how mergers can be strategically utilised to generate long-term value in both public and private banking systems by addressing these factors.

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