

**THE IMPACT OF MERGERS & ACQUISITION ON THE PROFITABILITY
OF BANKS IN PAKISTAN**



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ABSTRACT

Mergers and Acquisitions is an interesting concept in the world of finance that has been prevalent in much of the western world, especially the United States, for the last 100 years but which has only now started becoming prominent in the Pakistani market. The financial services industry in general and the banking industry in particular looks towards M&A's as a tool for consolidation as well as an opportunity to expand their market share. In the Pakistani market, the most active banks that have been involved in these transactions have been international banks. They have been either the acquirers or targets in most of the cases. The study takes into account the specific cases of three prominent merger and acquisition transactions in the Pakistani banking industry and measures the effects that the M&A has had on the respective bank's profitability following the completion of the M&A transaction. It is noticed that the results in all three cases are somewhat different from each other in the immediate or short term but have more of a symmetry about them in the long run.

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