CHAPTER 1

INTRODUCTION

1.1 Background

The term mergers and acquisitions (hereafter M&As) refer to the amalgamation of two or more units and are often used interchangeably in the literature (Mat-Nor, 2014). A merger is a combination of two or more units to form a new unit or a combination of both, however, the size of the both units is the same. At the same time, an acquisition is the purchase of one unit by another unit in which no new unit is formed and the target ceases to exist. Whereas, the size is not the same for the both units. Mentionable, the whole units i.e., newly formed unit is greater than the sum of its parts i.e., before M&As.

According to the Refinitiv, Dealogic and PwC analysis (2021), Global M&As industry trends show that in 2019 the number of deals was 50,085 and valueds at USD3,440b, 50,368 and valueds at USD3,243b in 2020 and 28,936 and valueds at USD2,453b in the mid-year of 2021 (see for example Table 1.1). The statistics imply that there is consistency throughout the years. Even in the mid-year of 2021, M&As performed well compared with the preceding years. Although it is an old corporate strategy, it still has preferences to be used.

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Table 1.1: Global M&As Deals and Values, 2019–Mid-2021

Year	Q1		Q2		Q3		Q4		Total	
	Deals	**Values (USD billion)**	**Deals**	**Values (USD billion)**	**Deals**	**Values (USD billion)**	**Deals**	**Values (USD billion)**	**Deals**	**Values (USD billion)**
2019	11276	852	12868	916	12742	726	13199	946	**50085**	**3440**
2020	11942	611	10395	435	13052	1021	14979	1176	**50368**	**3243**
2021	14781	1221	14155	1232	-	-	-	-	**28936**	**2453**

Sources: Refinitiv, Dealogic and PwC (2021)

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M&As started in the 19th century and have seven waves[1]. Since its inception, it is preferred to be used in all sectors, for example, manufacturing, life sciences, finance, and technology all over the world (Bianconi, & Tan, 2019; Aggarwal, & Garg, 2019; Zhang, Deng, & Tang, 2019; Singh, 2018; and M&As Report, 2017). The motives for being involved in M&As deals are better performances, expanded operation in new markets, products and services (economic and geographics expansions), gain market power, generate and exploit economies of scale and scope, diversification of activities, and integration of resources. (Antoniadis, Alexandridis, & Sariannidis, 2014; and Smirnova, 2014). With the motives of M&As, the importance of M&As in financial sectors knows no bounds, especially for banking sectors. Table 1.2 shows the trends of M&As in the banking sectors. The latest years (2019,2020 and 2021q2) trends of M&As in the banking sectors are listed. The table shows that in 2019, the M&As deal volume was 3127 while the value of the deal was USD1,566b. Notably, the deal and values significantly dropped in 2020 compared with the preceding year, which means that the deal volume was 2007 and valueds at USD470b. Finally, up until the second quarter of 2021, the deal volume was 971 and the value was USD276b.

[1] 1st wave was in 1895-1904 (horizontal & monopoly), 2nd wave 1919-1929 (vertical merger and oligopoly), 3rd wave occurred in 1965-1969 (conglomerate merger), 4th wave was in 1984-1989 (mega wave), 5th wave occurred in 1992-2000 (cross strategic restructuring), 6th wave occurred in 2003-2007 (globalization) and 7th wave is the from 2014 to present (proliferation).

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Table 1.2: Global M&As Deals and Values in the Banking Sector, 2019Q1–2021Q2

Year	Q1		Q2		Q3		Q4		Total	
	Deals	**Values (USD billion)**	**Deals**	**Values (USD billion)**	**Deals**	**Values (USD billion)**	**Deals**	**Values (USD billion)**	**Deals**	**Values (USD billion)**
2019	703	102	731	553	855	773	838	138	**3127**	**1566**
2020	734	149	380	72	418	96	475	153	**2007**	**470**
2021	489	175	482	101	-	-	-	-	**971**	**276**

Sources: Refinitiv, Dealogic and PwC (2021)

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Although there are benefits of having M&As of banks, there are some drawbacks as well. For an instance, poor cultural fit, insufficient commitment, customer impacts and perception, and compliance and risk perceptions.

The banking sectors are an essential component of financial institutions that have a significant impact on economic development. With the passes of time and economic situation, they need to take corporate expansions strategy like M&As. Throughout the history of M&As, several studies have been conducted in the banking sector to analyze its performance and stability. M&As have proven to be successful for the banks that adopted it as they performed better in terms of efficiency than their competitors that did not proceed to mergers and acquisitions (Antoniadis et al., 2014). Banks's mergers and acquisitions generate performance (Altunbaş, & Marqués, 2008). Productivity improvement has been found during the merger period (Bernad, Fuentelsaz, & Gómez, 2010), however, the acquirer is the most efficient in comparison with the target (Sufian, & Habibullah, 2009).

A few conceptual studies discuss the preferences of M&As in the Islamic banking sectors. For example, the Deputy Governor of Bahrain stated that Islamic banks could achieve economies of scale through M&As (Maraj, 2016), however, the problem related to size could be resolved and managed through M&As. The incentives of having M&As of Islamic banks are to increase size as well as economies of scale and scope (Iqbal, 2008). Ibrahim & Rizvi (2017) and Barth, Caprio, & Levine (2006) suggested that larger Islamic banks were needed for the sustainable financial growth of the banks.

Some general studies discuss bank performance and stability. Fayed (2013) suggested the superiority of conventional banks over Islamic banks in terms of profitability, credit risk, liquidity, overall management, and solvency ratio. Khalil, & Siddiqui (2019) indicated that there were significant differences in M&As results

between Islamic banks (IBs) and conventional banks (CBs). Therefore, Fayed (2013) concluded that Islamic banks still have a long way to go. Meanwhile, Khan, & Bhatti (2008) stated that although the Middle East, South Asia, and South East Asia are the main hubs of Islamic finance, it does not confine within those countries rather globally.

M&As influence the performance and stability of a bank in several aspects. This includes bank size (i.e., total assets, total deposits, and operating income), level of bank sizes (i.e., large, medium, and small), time effect, and modes of financing (e.g., Kwenda, Oyetade, & Dobreva, 2017; Moutsianas, & Kosmidou, 2016; Wahid, & Dar, 2016; De Haan, & Poghosyan, 2012; Čihák & Hesse, 2010). M&As are also very much related to bank stability which refers to the soundness of the bank. There are several determinant factors of bank stability acknowledged by researchers like bank size, market power, and macroeconomics condition, to name a few (Čihák, & Hesse, 2010; Ibrahim & Rizvi; 2018; Khaddafi, Heikal, & Nandari, 2017; Amene, & Alemu, 2019; and Li, X., Tripe, & Malone, 2017).

Factors such as bank size have yielded mixed results in previous studies. For example, Ruslan, Pahlevi, Alam, & Nohong (2019) implied that bank size positively impacts bank performance. Kwenda, Oyetade, & Dobreva (2017) found that firm size significantly affects performance. Contrary to their findings Fang, Lu, Tan, & Zhang (2019) said that bank size negatively impacts bank performance. At the same time, some studies argued that a bigger size is better to realize the operational performance and bank stability through the economies of scale and scope. Contrary to this, others have argued that bigger entities may face problems in managing large operations and it is not easy to perform better at an expected level.

Secondly, M&As period can be divided into short term (i.e., an average of fewer than two years) (Altunbaş & Marqués, 2008), medium-term (i.e., an average of fewer

than five years and more than two years (Sufian & Habibullah, 2009), long term (i.e., more than five years) (Srivastava, 2018). Conflicting findings have been found relating to M&As performance in the banking sectors for these three M&As terms. Most research argued that a longer M&As period is better in order to utilize integrated resources for generating better performance and stability. Modes of financing (e.g., cash or stock or a combination of both) have also impacted on M&As. Kwenda, Oyetade, & Dobreva (2017) said that the acquirer would pay overvalued stock otherwise cash. However, mixed literature have found that various modes of M&As financing either by cash, stock or even a combination of both. However, these studies have yielded inconclusive and varying results regarding the impact of these factors on banks' performance and stability.

Previous studies found the effect of sizes as the main issue. For example, Katib & Mathews (2000) found that medium-sized banks were more efficient than large banks. Kosmidou, Pasiouras, Doumpos, & Zopounidis (2006) stated that small banks were better than larger banks in terms of performance. Whereas, from the conventional banking perspective, studies showed that "too big to fail" applies in M&As. Ibrahim & Rizvi (2017) and Barth et al. (2006) found and suggested that larger Islamic banks were needed for the sustainable financial growth of the banks. Therefore, they suggested the premise of "too small to succeed" in M&As. On top of that, Fithria, & Sholihin (2018) argued that large banks performed better due to economies of scale. Furthermore, Nafti, Boumediene, Khouaja, & Ayed (2017) stated that size does not impact the bank's performance, while Kwenda, Oyetade & Dobreva (2017) found inverse results. Since M&As influence in the market in terms of competition or concentration which simultaneously impact on the outcome of banks. Therefore, it is observed that there is

cause affects relationship among M&As, market structure and banks. Hance, following literature are reviewed and discussed.

Market structure influences the bank's power irrespective of the nature of banks as it can directly affect bank performance as well as stability. A positive statistical relationship between measures of market structure on profitability has been reported by the study of (Berger, 1995). At the same time, Mirzaei (2011) found that market structure did not significantly impact the profitability and stability of Islamic banks. Meanwhile, Goddard, Molyneux, & Wilson (2004a) found a positive relationship between market concentration and profitability. Smirlock (1985) reported that concentration had no significant effect on profitability since the market is highly competitive, the banks become risk-averse, therefore, they avoid risky projects. Uhde, & Heimeshoff (2009) observed that large banks easily benefit from concentration in terms of stability since they are able to regulate the market, capital buffer, charter values, monitoring power, and economies of scale and scope. Although the study of market concentration has been extensively conducted in the banking sector, it is limited to M&As events in relation to the performance and stability of the banking sectors.

Market structure plays a vital role in shaping M&As activities. M&As lead to the high market share, high market power, high market concentration, less competition & anti-competitive behaviour, more non-competitive pricing, overall better performances and stability. Mirzaei (2011) showed that the market structure matters for banks' power irrespective of the nature of banks (i.e., either Islamic or conventional) as it can directly affect bank performance. This study suggests that market structure also affects M&As in terms of performance and bank stability. Details are explained in Section 2.4.4.

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1.2 Definition of Key Terms of M&As

1.2.1 Merger

The word 'merger' defines the amalgamation of one bank with another bank of equal size. Sometimes it is called the merger of equals. Moreover, a merger is a combination of two or more banks in which all except one bank loses its corporate existence, and the surviving bank acquires both the assets and the liabilities of the merged bank. Machiraju (2003) and Piesse, Lee, Lin, & Kuo (2013) mentioned that a merger occurs when at least two firms combine to form a ''new'' legal entity.

1.2.2 Acquisition

Acquisition refers to a bank being acquired by a more efficient bank. Soundarya, Lavanya, & Hemalatha (2018) mentioned that acquisition occurs when one company controls the interest of another company with different assets size between acquirer and target. The efficient bank acquires an inefficient bank. From a legal point of view, the target company ceases to exist, the buyer 'swallows' the business and the buyer's stock continues to be traded.

1.2.3 Operational Performance

Accounting-based and market-based measures are widely accepted as indicators of firm financial performance. Accounting based measures reflect the accomplishment of the firm's management based on past and current performance, while market-based measures reflect the firm's future performance. Both methods have their own setbacks. However, the accounting-based performance is frequently used to study the acquirers post performance. According to the study of Sudarsanam (2003), measuring the acquirer

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through performance-based market measure might lead to an over or understatement of true performance of the acquirer. Therefore, in this study, operating-based performance is used because it is suited to the study's objective in estimating how efficiently a manager uses resources to produce outputs and create shareholder value. A common characteristic of using accounting-based data is from the income statement and balance sheet (Dubofsky, & Varadarajan, 1987).

Performance is the premium for the potential success of M&As. Damodaran (2005) stated that, performance is the additional value that is generated by combining two firms, creating opportunities that would not be available to these firms operating independently. Abdulazeez, Suleiman, & Yahaya (2016), Wadhwa & Syamala (2015), and Weitzel & McCarthy (2011) argued that the motive behind M&As is synergy. M&As allow for enhanced cost efficiencies of the new entity with better resources to manage the operation efficiently and effectively. Synergy is either in the form of revenue enhancement or cost savings or minimization of risk. Synergy is classified into four types such as operating synergy (economies of scale, economies of scope, accounting-based performances, i.e., return on asset (ROA), return on equity (ROE) and net interest margin (NIM), financial synergy (cost reduction of funding), managerial synergy, and technical synergy.

1.2.4 Bank Stability (Z-score)

Bank stability (Z-score) refers to a condition in which banks are sound enough to carry out their financial intermediation functions adequately, without assistance from external institutions including the government. It shows the bank's probability of insolvency. A higher value of Z-score indicates greater bank stability, meaning that the bank's distance from insolvency is great (Li, Tripe, Malone & Smith, 2020). Therefore,

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a higher Z-score indicates lower risk, lower insolvency, however, greater stability and vice-versa.

1.2.5 Types of M&As

There are three types of M&As: horizontal, vertical, and cogenerate (Rozen-Bakher, 2018). Horizontal M&As occur when the banks are in the same line of business. For instance, if a bank merges with another bank, then it is called a horizontal M&As. Whereas, If the bank merged with the insurance company, it is called a vertical M&As. Finally, conglomerate M&As involve two banks that do not have common business areas.

1.2.6 Acquirer

An acquirer is a bank/ institution that gains property ownership, a business interest, or other items. Moreover, an acquirer is a bank that purchases all or a portion of an asset of another bank (target). Usually, an acquirer is more efficient and stronger than the target (Masulis, Wang, & Xie, 2007). Therefore, they try to combine or take the position of the inefficient bank in the market and have more market share, which ultimately impacts on the bank's performance (Rhoades, 1985).

1.2.7 Target

Generally, the seller is called a target. A target bank is a bank that is chosen as an attractive M&As option by a potential acquirer. A takeover attempt occure in many different ways, depending on the attitude of the target firm toward the acquirer. If management and shareholders are in favour of the transaction, then a pleasant and orderly transaction can take place. When there is opposition to the transaction, the target

firm may attempt various hostile actions in hopes of thwarting the takeover attempt (Gaughan, 2010).

1.2.8 Modes of Financing

M&As can be financed by cash, stock or a combination of both. Piesse, Lee, Lin, & Kuo (2013) stated that M&As can be financed through borrowings (cash) or the issue of new equity (stock), or both. In general, if the acquirer's stock price is higher or overvalued, they would propose giving stock instead of cash and vice versa (Savor, & Lu, 2009). Martin (1996) argued that, the higher the acquirer's growth opportunities, the more likely the acquirer is to use stock to finance an acquisition. Hence, Blomkvist., Felixson, & Loflund (2019) discussed that acquisitions of underleveraged targets are more likely to be financed by cash than by equity.

1.2.9 Market Structure

Market structure refers to the way that various industries are classified and differentiated in accordance with their degree and nature of competition for products and services. Market structure is defined as the level of market competition. Higher the level competition lowers the level of concentration and vice-versa. With the lower level of competition indicating higher concentration and anticompetitive behaviour in the market (Abdul Majid & Fadzlan, 2007a; Sufian, & Habibullah, 2013; Khan, Ahmad, & Chan, 2018).

1.3 Problem Statement

Mergers and acquisitions (M&As) are an alternative way for organic expansion. The rationales for M&As are better performances, expand operation in new markets, products and services (economic and geographics expansions), generate and exploit economies of scale and scope, diversification of activities, integration of resources, and finally reduce cost and minimization of risk.

Extensive studies have been conducted to analyze the operational performances of M&As (Yeh, & Hoshino, 2002; Liargovas, & Repousis, 2011); Rao-Nicholson, Salaber, & Cao, 2016; Ismail, Davidson, & Frank, 2009; Neely, & Rochester,1987; Dwa, & Shah, 2017; Mantravadi, & Reddy, 2008; Kumar, 2009; Lau, Proimos, & Wright, 2008; Heron & Lie, 2002; Ismail, Abdou, & Annis, 2011; Yeh & Hoshino, 2002; Aggarwal, & Garg, 2019; Cabanda, & Pajara-Pascual, 2007). On the other hand, there are few studies of M&As on bank stability (Tan, & Hooy, 2004; Leary, 2002; Paroush,1995). Interestingly there are limited studies conducted regarding the impact of M&As together with performance and stability. Therefore, this study tries to analyses the impact of M&As on both performance and bank stability together.

Being relatively young and niche, there is no concern about too big to fail relatively too small to succeed for Islamic banks (Naseri, Bacha, & Masih, 2020), being small in size, it becomes diseconomies of scale and scope (Yudistira, 2003). Having better performance and sustainable financial growth, larger Islamic banks are needed (Fithria, & Sholihin, 2018; Ibrahim & Rizvi, 2017; and Barth et al., 2006). Therefore, M&As are warranted for Islamic banks (Yudistira, 2003). Inversely, there is no concern for too small to succeed rather too big to fail for conventional banks (Kaufman, 2014; and Daley, Matthews, & Whitfield, 2008). Studies argue that there is a negative relationship between size and post- merger performance (Ramaswamy & Waegelein,

2003; Gaughan, 2002; and Micco, Panizza, & Yanez, 2007). Meanwhile other studies defend a positive relationship between size and post-merger performance (Mantravadi & Reddy, 2008; Gaughan, 2002; Vander Vennet, 1996, and Cybo-Ottone & Murgia, 2000). Therefore, size is a dilemma for Islamic and conventional banks. Moreover, the basic differences between two types of banks are based on core principles. For example, conventional banks do not follow the Sharia'h guidelines while Islamic banks strictly follow.

In extension to bank size (general), this study uses levels of bank sizes namely large, medium and small. Ibrahim & Rizvi (2017) pointed out that large banks are needed to ensure consistent financial growth and solvency. Similarly, large banks performed better performance due to economies of scale and scope (Fithria, & Sholihin, 2018; Beck, Demirgüç-Kunt, & Merrouche, 2010; Amene, & Alemu, 2019). Meanwhile, other studies showed that medium-sized banks are more efficient than large banks (Katib & Mathews, 2000). Kosmidou, Pasiouras, Doumpos, & Zopounidis (2006) and Aladwan (2015) found that small banks can outperform larger ones since they do not have high start-up costs, have lower bureaucratic cost, and lower cost of operations along with the research and development. Based on the mixed findings of the previous studies, this study takes into consideration the re-examination of the level of bank sizes.

Several other factors associated with the M&As of banks are also considered. For instance, intermediary roles (financial and non-financial), modes of financing, time effects, and control variables, namely bank-specific variables and macroeconomics variables. Although a number of studies were conducted M&As in the banking sectors, none of the studies include the function of intermediary role of banks in the analysis. Therefore, this study also considers the intermediary roles (i.e., financial and non-

financial intermediary role) of the banks towards the impact of M&As (Sufian, 2011; Focarelli, & Pozzolo, 2001).

Modes of financing (e.g., cash or stock) also impact M&As. Various literature has studied modes of financing, whether to pay by cash or stock, or both. For example, some studies that examine the type of payment argue that cash-financed transactions outperform stock-financed ones (Rau & Vermaelen, 1998; Andre, Kooli, & L'her, 2004; Megginson, Morgan, & Nail, 2004), while, other studies found no evidence that the method of payment influences the reported performance (Choi & Russell, 2004; Yook, 2004; Heron & Lie, 2002). According to Healy, Palepu, & Ruback (1992), the post-M&As performance of acquirers is influenced by the modes of financing but payment of M&As is dependent on the stock value of the acquirer (Iankova, 2014). The use of cash had a positive impact on the performance of M&As compared with stock (Liargovas & Repousis, 2011). Inversely, Nor & Ismail (2006) found that Malaysian investors did not favour bidding companies using cash to acquire target companies. Therefore, this study gives further efforts to re-examine the factor; modes of financing.

M&As periods may influence performance and stability as well. Based on the previous studies, there are contradictory findings among them. For example, timing of the transaction does not affect post-merger performance (Choi & Russell, 2004; Megginson et al., 2004). There is a significant relationship between M&As and bank performance in long periods (Al-Sharkas, Hassan, & Lawrence, 2008 and Srivastava, 2018). A study showed that in the five years before and after M&As, there was no improvement after M&As for the public listed companies in Malaysia (Mat-Nor & Ramlee, 1995). Meanwhile, another study reported inverse results, pointing to a significant relationship between M&As and bank performance (Al-Sharkas, Hassan, & Lawrence, 2008). Srivastava (2018) also observed and suggested that a longer period is

better in order to have an expected performance of M&s. Therefore, in line with the previous studies, this study considers the five years before and after M&As.

Focusing on the M&As of banks influences the market structure that can simultaneously affect profitability and financial stability (Lommerud, Olsen, & Straume, 2006; and Mirzaei, Moore, & Liu, 2013). Although mediating effects have been researched in previous studies except for M&As of banks. For example, bank efficiency mediates the relationship between bank size and bank profitability (Ruslan, Pahlevi., Alam, & Nohong, 2019). Inversely Shehu, Ibrahim, Mat, Nasiru, Popoola, Muhammad, & Kura (2013) stated that firm size does not fulfil the condition of mediating effects on the performance. Similarly, Akinyi (2019) found that financial leverage negatively mediates on the relationship between firm size and financial performance. Diantimala (2018) indicated that there is no indirect of firm size and liquidity on the firm values. Therefore, it is expected that there would be a cause effects relationship among M&As, market structure, performance and stability. Hence, the mediating effect of market structure on the event of M&As of bank is considered as well. Whereas that would help the policymakers to take M&As decisions.

This issue remains unresolved with room for further research. Therefore, further efforts are given to perform a comprehensive analysis of M&As on the operational performance and stability of Islamic and conventional banks. This study re-examines, analyse, and investigate this matter both theoretically and empirically. Therefore, this study examines the impact of M&As on operational performance and stability. Secondly, it studies the mediating role of market structure on M&As affecting the operational performance and stability of Islamic and conventional banks.

1.4 Research Objectives and Questions

The general research objectives are, firstly, to analyse the factors associated with M&As on operational performance and stability for Islamic and conventional banks. Secondly, to examine the mediating role of market structure on the relationship between M&As and operational performance and stability for Islamic and conventional banks. Hence, specific research objectives are designed and discussed accordingly.

1. To analyse the impact of factors (bank size, intermediary roles, and modes of financing) of five years pre-M&As & five years post M&As on the operational performance and stability for Islamic and conventional banks.
2. To examine the impact of the level of bank sizes (large, medium & small) on operational performance and stability of five years pre M&As & five years post M&As in the banking sectors.
3. To examine the mediating effects of market structure on the relationship between five years pre M&As & five years post M&As with operational performance and stability for Islamic and conventional banks.

The study proposes the following research questions:

1. Do factors (bank size, intermediary roles, and modes of financing) associated with five years pre M&As & five years post M&As of the bank have an impact on the operational performance and stability for Islamic and conventional banks?
2. Does the level of bank sizes (large, medium & small) have an impact on the operational performance and stability of five years pre-M&As & five years post M&As for banking sectors?

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3. Does market structure play a mediating role in the relationship between the five years pre-M&As & five years post M&As with operational performance and stability for Islamic and conventional banks?

1.5 Motivations and Rationales

In line with globalization as well as financial development, various studies have been conducted to evaluate the performance of conventional banks in terms of mergers and acquisitions. However, there is no comprehensive analysis on the M&As of Islamic banks although there are a few conceptual studies that discuss the benefits of M&As for the Islamic banking sector. Meanwhile, the Deputy Governor of Bahrain and the former CEO of BIMB Holdings Berhad mentioned that Islamic banks could achieve economies of scale and scope through M&As. They believed that the problem related to size could be resolved and managed through M&As.

Various studies including a few conceptual studies, have discussed M&As in banking sectors. However, to the best of my knowledge there is little research on the mediating effects of market structure on M&As to examine and evaluate banking performance and stability. This implies that few attempts have been made so far in examining the role of market structure in M&As. Hence, a study on the role of market structure in M&As is warranted.

This study focuses on examining and evaluating the impact of M&As on operational performance and stability along with the mediating role of market structure in explaining the relationship between M&A, operational performance, and bank stability for Islamic and conventional banks.

1.6 Overview of the Research

This thesis consists of six chapters. Chapter 2 covers the literature review of mergers and acquisitions (M&As) in the banking sectors. A theoretical framework is identified and reviewed, while the operational framework is designed and developed. It also reviews the literature on the impact of M&As on operational performance and bank stability. Furthermore, the chapter discusses the factors associated with M&As, the level of bank sizes followed by the mediating role of market structure in M&As.

Chapter 3 describes the details of variables definition, data collections process and samples selections, general overview of research methodology i.e., stating panel techniques and SEM, motives behind applying those techniques, details of the diagnostics tests.

Chapter 4 presents estimation results and discussions of M&As in the banking sectors, focusing on answering research questions 1 & 2.

Chapter 5 reports the results and discussions of the mediating role of market structure in explaining the relationship between M&As and operational performance and stability for Islamic and conventional banks, which focuses on answering research question 3.

Finally, Chapter 6 provides an overall summary of the thesis, followed by the summary and conclusion on the research findings as well as the implications of the study. Furthermore, contributions to the body of knowledge and recommendation for future studies are also discussed.

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