

Wealth Effect of Mergers & Acquisitions in Emerging Market: A Case of Pakistan's Banking Sector

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This study investigates the short term market response associated with the announcement of seven mergers and acquisitions (M&As) in the banking sector of Pakistan during the period 2003 to 2008 using the event study methodology. The results indicate statistically significant investor reactions around the merger announcements. For individual target and bidder banks, the cumulative abnormal returns (CARs) range from significant positive to significant negative. The combined mean CARs for the target banks group and bidder group are both positive and statistically significant. The mean CAR for the combined banks in the domestic mergers is also positive but is largely impacted by the substantial positive CAR of one bidder bank.

Field of Research: Finance, Merger & Acquisition, emerging market, banking

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