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Sindambiwe Amos and Dr. Osiemo Kengere Athanas

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Mergers & Acquisitions of Banking Institutions and Customer Satisfaction in Rwanda: A Case of KCB Rwanda & BPR

[1*]Sindambiwe Amos
Master's Student: Mount Kenya University

[2]Dr. Osiemo Kengere Athanas
Mount Kenya University

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Abstract

Purpose: The core aim of this research was to analyse the impact of mergers and acquisitions on consolidated banks' service quality, by applying modified SERVQUAL model that served as a tool to show the change reflected in the service quality matrix after M&A through service quality demands grouped in dimensions of tangibility, assurance, responsiveness, empathy, employee skills, convenience, reliability, access, and financial aspect in the context of Rwandan banks.

Methodology: The target population is composed of 428,000 clients of the two banks at the time of their merger while the sample is 385 clients, number arrived at by using the formula by Mugenda and Mugenda. A descriptive case and explanatory study strategy was utilized as the research sake to define client perception of the quality of service and further aimed to clarify the link between M&A and the quality of service and how it impacts client satisfaction.

Findings: The findings from the research revealed that service quality demands are satisfactorily responded in both situations of before and after M&A given that in each situation clients' expectation is generally met, in the range from 63% to 75% before M&A and 58% to 88% after M&A. The t-tests and ANOVA methods were used to examine the field data gathered with emphasis on statistical significance. The research results then provided the extent of the impact of mergers and acquisitions on the overall quality of service and therefore on clients approval. The analysis shows that M&A exercise allowed the increase of overall clients' satisfaction from the pre-merger positive overall gap of 0.021 to a post-merger positive gap of 0.135. This positive variation was due to improvement of 8 service quality dimensions in the order of Tangibility for 0.207, Empathy for 0.203, Reliability for 0.194, Assurance for 0.171, Employee Competences for 0.149, Convenience for 0.114, and Financial Aspects and Access for 0.031 each. The decrease of satisfaction was observed only on one quality dimension of Responsiveness for -0.073. For the client satisfaction benefit, the research identified "Promptness" as an area of service quality attributes to improve post-2021 mergers and acquisitions at BPR Bank.

Unique Contribution to Theory, Practice and Policy: We recommend that during the exercise of M&A, new banking institutions strive to put in place measures for respecting the promised timing of service delivery.

Keywords: *Business Merger, Business Acquisition, Service Quality, Customer Satisfaction*

INTRODUCTION

Mergers and Acquisitions in Banking Institutions

The concept of mergers is an operation by which, in order to respond to their strategic and economic needs, more one firms or organizations are combined and become one bigger entity (Akben-Selcuk, 2011). With regards to acquisition concept, it is considered that a firm or a company buys a majority or all shares of another company and gets right of controlling the purchased one. It has long been said that most mergers and acquisitions (M&A) took place in the United States and the United Kingdom. As for the merger activities in the banking sector, they occurred in the fourth wave (1980 to 1989 period) originating mainly in the United States and the United Kingdom.

It then became more popular after long-standing geographic restrictions on banking operations in the United States were repealed by the Riegle-Neal Interstate Banking and Branch Efficiency Act of 1994. This trend was also observed in Europe since the 1990s, (Liargovas & Repousis, 2011). For example, in western European countries, several mergers took place in a period of three years from 1997 to 2000 (Otto, 2000) and include the following examples: in 1998, Banque Nationale de Paris (BNP), the bank based in France, was combined with Banque Paribas and formed a new banking organization that had a capital totaling US$ 688 billion.

In Spain, the largest banking institution as of 30 June 1999 was Banco Santander Central Hispano (BSCH), which had the assets totaling US$ 246 billion, and, that biggest bank resulted from a merger of Banco Santander which absorbed Banco Central Hispano. That new bank also tried to make a cross-border merger with the Champalimaud Group of Portugal, but failed because it was countered by the authorities of Portugal.

In Austria, Bank Austria and Creditanstalt Bankverein were merged and formed the biggest banking organisation in that country. That new banking firm had assets totaling US$ 141 billion at the end of the year 1999. In Italy, in 1997, Credito Italiano, Cariverona, Banca CRT, and Cassamarca were put together and formed a new banking institution, Unicredito, wich ha assets totaling US$ 178 billion at the end of the year 1997. In Sweden, in 1997, the Finnish bank Merita and Nordbanken were merged, then in 1999, they acquired Unidanmark of Denmark and all resulted in a new banking organization which had assets totaling US$ 182 billion.

In 2000, other mergers took place in Spain, Belgium, Greece and Italy. In that framework, mergers in the banking sector became a global phenomenon and a cross-border activity. With the monopoly philosophy, many firms were merging in the perspective of creating biggest firms that would control the market share (Kumshe, Kwazhi & Imam, 2015). While merging or acquiring companies, the main objective is the maximization of the shareholders' value. Merger and combination are instrument for rising the size and development of banks. They have to be taken seriously (Bashir, Sajid, and Sheikh, 2011).

In America, some of the biggest banks were 35 separate firms that merged after 1990. Examples are Citigroup (NYSE:C), JPMorgan Chase (NYSE: JPM), Wells Fargo (NYSE: WFC), and Bank of America. Citigroup was a result of the main banking institutions: Citicorp and Travelers Group, in a merger that took place in 1998 for a deal of $140 billion. In that period, the institution became the biggest historical company merger. In the mid-2000s and every year, Bank of America used to make an important financial agreement. In the period from 2004 to 2007, Bank of America purchased Fleet Boston Financial and paid $47 billion, credit card giant

MBNA paying $35 billion, U.S. Trust against a value of $3.3 billion, and LaSalle Bank for which the amount paid was $21 billion, Frankel, (2015).

In India, in a period of 10 years from 2006 to 2015, Amit (2016) shows a list of 23 M&A transactions in the Banking sector and includes examples such as Kotak Mahindra Bank Ltd & ING Vysya Bank Ltd, IndusInd Bank Ltd & RBS-Diamond Jewellery Fin Bus in 2015, Kotak Mahindra Bank Ltd & Barclays-India Credit Card Bus in 2012, Bank of Rajasthan and ICICI Bank in 2010, Centurion Bank of Punjab and HDFC Bank in 2008, Lord Krishna Bank Ltd and Cent. Bank of Punjab Ltd, Bharat Overseas and Indian Overseas Bank in 2007, The Ganesh Bank of Kurd. Ltd and The Federal Bank Ltd in 2006, United Western Bank Ltd and IDBI Ltd, Centurian Bank and Bank of Punjab Ltd in 2005. In China, for the period of 10 years from 2010 to 2020, Chu (2021) indicates that 60 M&A operations occurred in the Banking institutions and include examples like Yantai Fushan Pearl River Village Bank Co. Ltd and Guangzhou Rural Commercial Bank, China Creative Digital and Construction Bank, 15 village banks/China and Bank of China in 2017, Bank of China (Thailand) Co., Ltd and Bank of China Hong Kong, China Construction Bank (Indonesia) Co. Ltd and Construction Bank, Chiyu Banking Corporation and Xiamen International Bank Co., Ltd in 2016. In Africa, in 2018, Access Bank Plc and Diamond Bank Plc merged.

Mergers and Acquisitions and Customer Satisfaction in Banking Sector in Rwanda

In Rwanda, cases of M&A occurred in banking industry with a major role of international financial institutions. The recent and top bank mergers and acquisitions are: Banque Populaire du Rwanda (BPR) Atlas Mara (2016), Fina Bank (2013), Access Bank (2018), I & M Bank (2012) and ECOBANK (2007). In 2007, ECOBANK acquired BCDI for $ 11.6 million became full owner of the Bank. In 2008, Nigeria's Access Bank bought 75% of shares in Rwandan Bancor Bank for 13.5 million US$ and Bancor became Access. In 2012, I&M BANK acquired BCR and became a major shareholder with 80% of shares. In 2013, Guarantee Trust Bank (GTBank), the bank based in Nigeria, purchased a 70% stake in Fina Bank, and all branches of Fina Bank operating in the whole region composed of countries of Rwanda, Kenya, and Uganda were rebranded and renamed as GTBank subsidiaries. Later in 2016, Atlas Mara made an investment of around Rwf 28, 200.00 billion, equivalent to $ 31.260 million in a deal of acquisition and merger of BPR and BRD Commercial Bank, hence becoming a majority shareholder in the new bank with a stake of around 62%. A research was conducted by Uwizeye, (2016) to examine the effect of mergers and acquisition on the organisational performance. Among the findings are a higher employee satisfaction of the acquired bank "Banque de l'Habitat du Rwanda (BHR)" in the acquirer bank "Development Bank of Rwanda (BRD)" and the improvement of some key financial performance indicators like Return on Equity (ROE), Return on Assets as well as the ratio of the non-performing loans (NPL). Recently in 2021, KCB Group acquired BPR with the plan of creating one banking entity in Rwanda named "BPR Bank" by merging KCB Bank Rwanda and BPR. The deal to the tune of 32 million US$ rose the combined bank to the level of the second largest bank in the industry with total assets of Rwf 418 Billion. Several researches have been conducted attempting to find effects of business merger and acquisition in different global parts and its influence on the acquiring firms' performance (Ouma and Simon, 2017, Chu, 2021, Heskett *et al*., 1994; Storbacka *et al*., 1994, Nelson *et al*., 1992). This research brings its contribution by analyzing the effect of merger and acquisition on customer satisfaction in commercial banks in Rwanda, a case of KCB RWANDA and BPR.

Statement of the Problem

In a period of at least three recent decades and the specific banking industry, it is revealed that most of studies available on M&A link this aspect with the firm's financial performance and have been conducted in the developed countries of America and Europe, while very rare studies talk about M&A in the developing countries and only few assess the relationship of M&A with clients satisfaction which is a crucial aspect of customer retention for enhancing company survival. In Rwanda M&A is being increasingly observed in the banking sector. For example since 2000s, at least six M&A deals involved six Rwandan banking institutions. A research by Mazimpaka, (2021) investigated the relationship between the bank's merger and acquisition and its impact on financial performance. The study selected three banks which are Banque Populaire du Rwanda Part of Atlas Mara, Ecobank, and I&M Bank. That study concluded that merger and acquisition impact positively the financial performance of the three selected banks by contributing to the improvement of Return on Equity, Return on Assets, Return on Investment, and Capital Adequacy Ratio. The researches by Uwizeye, (2016) and by Mazimpaka (2021) focused their analysis on the company performance and did not provide any remark on customer benefit from the M&A exercise, whereas, after the acquisition of BPR by Atlas Mara mentioned above, some customers were complaining on customer service, indicating that they were better served when they were still in BRD Commercial Bank (researcher personal communication). Hence, the link between M&A and customer consideration constitute an area that needs to be explored in the Rwandan context. Therefore, the contribution of this study in this area is arrived at by using the SERVQUAL model to investigate if, while performing the M&A exercise, whether the sake of increase of shareholder interest goes together with increase of satisfaction of the clients served especially at BPR bank after the new 2021 merger & acquisition.

Objectives of the Study

General Objective

The general objective of this research was to explore and find main motivations behind Acquisitions and Mergers and its effects on quality of service in the banks in Rwanda.

Specific Objectives

This research tried to address the following specific objectives:

i. To find out whether the Rwanda banks adequately respond to the service quality demands by their clients after Acquisitions and Mergers
ii. To assess the clients' perceptions on service quality of the banks before and after Acquisitions and Mergers
iii. To evaluate the extent to which the Merger and Acquisition of banks influenced the overall customers' satisfaction after the Acquisitions and mergers.

LITERATURE REVIEW

Merger & Acquisition Concepts

Literature related to the concepts of merger and acquisition reveal that these terminologies link with use of appellations like takeover, merger, amalgamation and acquisition. Also, though there is a slight difference between these two concepts, in literature they have been used interchangeably (Maama *et al*., 2017; Moctar and Xiaofang, 2014, as cited in Alhassan *et al.*, 2020). The concept merger is defined as a combination of businesses belonging to two or more separate companies using nearly same terms as those of shared proprietorship of two previous owners, Harvey, (2015). For Moctar & Xiaofang (2014), merger is a simple combination involving two or more companies with the aim of forming one larger entity.

An acquisition is the purchase of another firm's shares or assets for gaining an influence and control in management activities (European Central Bank, 2000; Chen and Findlay, 2003, as cited in Apreku-Djan *et al.*, 2022), not necessarily by mutual agreement (Jagersma, 2005, as cited in Apreku-Djan *et al.*, 2022). An acquisition is an activity where the acquiring organization becomes the owner of the purchased organization, another company's selected assets, or a legal subsidiary (DePamphilis, 2014, as cited in Apreku-Djan *et al.*, 2022). This can be done by buying the assets or stock of another company (DePamphilis, 2011, as cited in Apreku-Djan *et al.*, 2022). Mergers and acquisitions are activities performed by companies in order to put together strengths and capabilities to arrive on synergy enabling them gain good position on the market competition.

Factors for Successful Mergers and Acquisitions

In order to achieve the success of Merger and Acquisition deal, different principles and activities have to be considered holistically, instead of independently. The present study takes account of four factors of the holistic M&A as extensively explained by Apreku-Djan *et al.* (2022) and which are the following: Motives behind Merger and acquisition, strategies for the Pre-M&A Success, strategies for the Post-Merger and Acquisition phase, and Managerial competence.

Customer Service Quality

Service quality is viewed by any firm as a crucial instrument for its differentiation in comparison with competitors in the sector (Ladhari, 2008). The quality of service for companies is so relevant and might be given significant emphasis as it offers them a competitive advantage when they try to improve it since it contributes to customer satisfaction. Academicians and practitioners have had attention to service quality (Negi, 2009) as well as services marketing literature. Eshghi *et al*., (2008) defined service quality as the overall assessment of a service by the client. Ghylin *et al*., (2008) agree that increased customer satisfaction may result from the proper definition of service quality of high standard to be delivered in companies.

To assess the quality of service in a company, researchers proposed various models. In this regard, Parasuraman *et al.* (1985) and Parasuraman *et al.* (1988) proposed the SERVQUAL model that uses service quality gaps and aims at evaluating the scale of difference between what consumers expect and what they perceive. The 1985 model version proposed 10 dimensions for service quality: responsiveness, security, tangibles, reliability, access, competence, courtesy, understanding the customer, credibility, and communication. An increasing number of researchers recently used this instrument to measure service quality in banks such as Miklós, *et al.*, (2019), Abou Issa, *et al.* (2020).

However users of the SERVQUAL model have had various views on its operation and effectiveness so that there should be flexibility in its use. One of its criticisms is that it measures the satisfaction of client only after the service was offered. That is why the SERVPERF model arose in order to bring a suitable response to that gap identified in the precedent SERVQUAL model (George, A.; Kumar, G.G, 2014).

Service Quality & Customer Satisfaction

The quality of service is an indicator of the organizational competitiveness, Parasuraman *et al.* (1985, as cited in Miklós, *et al*., 2019). Service performance is seen as a crucial tool which allows achieving client satisfaction in the industry of services (Ladhari *et al.* 2011). Thus, organizations can gain a competitive advantage if they provide a high quality of service.

As Abd-Elrahman, *et al*. (2020) points out, customers analyse gaps in service quality by comparing what is being looked for with their related needs and expectations on the one hand, and the real perceived services offered to them, on the other hand. Parasuraman *et al.* (1985) and Parasuraman *et al*. (1988), as cited in Miklós, *et al*, 2019) proposed the SERVQUAL model to bridge the gap between the expectations of clients and the perceptions of clients, and the service actually performed. Researchers' opinions differ when considering the operation and the effectiveness of the model. Thus, using that model, service quality can be assessed with flexibility by adapting it to the nature and sector of the organization.

Empirical Review

Bank Mergers and Acquisitions

Mergers and acquisitions have goals of two principal categories. One is strategic goals, which cannot be quantified, another is quantifiable financial goals and its primary target is principally to make economies on costs (Otto, 2000). Hannan and Pilloff (2009, as cited in Kumar, 2019) agree that the strategy of mergers and acquisitions help banking organisations increase the profits and revenues and attract more customers in the targeted markets. Banking institutions that go through merger and acquisition improve their infrastructure and acquire dedicated and skilled employees as well as strategies that help in increasing compliance, perform better risk and operations management (Hannan and Pilloff, 2009). Ahmed, Manwani and Ahmed (2018) critically showed that merger and acquisition increase performance and productivity of merged/acquired banking organisations as the level of competition is reduced in the market.

On the contrary, Berger *et al*. (2008, as cited in Kumar, 2019) found out that banking companies performing the merger strategy for business expansion face various risks of different types like poor cultural fit, time and resources execution and the subsequent ambiguity does not allow achieve effectively the combination of these organisations if their culture and structures differ. Hence, management of the M&A's effect on potential customers should have its full attention in banking institutions. Vaara and Monin (2010, as cited in Kumar, 2019), found that every technological modification or change of financial platforms have to be cautiously implemented and the new business strategies effectively communicated for avoidance of negative impact on customer retention or acquisition.

Service Quality in Banking Institutions

Quality of service is an important tool for measuring the client satisfaction. Researchers have found that since long, there exist link between service quality and customer satisfaction within the banking sector (e.g. Hind and Azhar, (2019), Raja, *et al*., (2014). For them to prosper, organisations have to know causal factors of client satisfaction and value. Enhanced customer satisfaction effect positively the customer behaviour in terms of self-engagement, loyalty, customer retention, creation of win-win situation (bond) between the provider of service and the customer, increased client understanding when service fails and saying positive things concerning the entity (Johnson *et al.* (2015).

To remain competitive, banking organisations must show good results, expand their market share, and constantly generate profits (Arbore and Busacca, 2009). To achieve this, banks should endeavour to gain new clients and in the same time, satisfy and retain current clients. They must therefore conduct surveys on customer satisfaction for them to be aware of clients' choice among various needs, in order to remain in advance of competitors in the sector, and be considered as the preferred bank for customer satisfaction (Arokiasamy, 2013).

Mergers and Acquisition and Service Delivery

Merger and acquisition activities enable companies to grow following the organizational learning and this may be noticed trough assessment of post-acquisition phase. This assessment can help in expansion of the market territory of the company (Mahdiyeh and Anindya, 2018). Successful acquisitions largely depend on the right timing and help in growth and expansion of the organisation according to Ruess and Voelpel (2012). They also argue that, if acquisition is made at the wrong time or if the inadequate business firm is acquired, this results in lack of synergy. That is why a pre-acquisition screening is very necessary to ensure that companies are merging or acquiring with confidence of achieving their set objectives.

When determining the service value and quality, clients primarily compare the service perception with its expectations. In the banking sector today, exceptional service delivery enables gaining competitive advantage that enhances organizational growth (Krishna, 2018). Abd-Elrahman, *et al.* (2020) described the service quality as one of the key drivers of the organizational performance. Therefore, for achieving the operational performance, companies' managers should well and consistently assess customers' needs, wants and expectations then strive meeting or exceeding them.As shown by Tafa, (2020), there exist generally a positive relationship between service quality, customer satisfaction and financial performance of the banks. Ogada *et al*. (2016), as cited in Sylvia, 2016), conclude that, though the empirical studies arrive at various results because of differences in the financial and technological environment, many theories conclude that synergistic value that results from an organization's M&A materializes in terms of economies of scale, new markets in locations newly identified as well as products and services adequately diversified.

Critical Review and Research Gap Identification

Many researches have been done on M&A and financial performance of banking institutions in general. In that sector, for more than three decades, M&A's topic has had many academic researches but most of the studies mainly concerned the industrial developed countries located in America and Western Europe (Radian, 2006). Even international studies have put emphasis on this part of the world and the remaining part of developing countries much neglected. Moreover, few researchers who investigated on M&A in Rwandan banking sector oriented their studies on effects of M&A on organizational performance (e.g. Mazimpaka, 2021; Uwizeye, 2016). This study seeks to bring the contribution in terms of impact of M&A on quality of service, hence on clients' satisfaction in post period of the completion of the M&A exercise in Rwanda, specifically KCB Rwanda & BPR.

Conceptual Framework

Operationally, the definitions presented in the following paragraphs base their foundation on the reviewed literature, and demonstrate the impact of implementation of the Merger and Acquisition on the dimensions of service quality determining client satisfaction in the Rwandan banking sector.

Independent Variable

The independent Variable considered is the Merger and Acquisition as unique and entire variable that has four indicators.

Dependent Variables

The quality of service has numerous parameters which exercise the impact of different weights on client satisfaction from a client's appreciation. The way Merger & Acquisition in Rwandan banks impacts on client satisfaction is the core objective of this research. Thus, banks should master their clients' perceptions of quality of service in such a way they maintain their existing clients and attract the new ones.

In attempting the construction of the conceptual framework, main things are considered: for the independent variable (Merger & Acquisition), select four major areas of relevant requirements to be implemented by the Management of KCB, for practically insure successful M&A. These are first "Motivations" (efficiency gain relating to enhancement of management efficiency and technical competency, developing new products or services, efficiency gain for BPR in terms of level improved for customer benefits, financial synergy perfection in terms of reduction of transaction costs and realizing economies of scale). Second relates to "Pre-M&A success strategies" (targeted strategic criteria including competitiveness, management skills or organizational culture, communication to employees of details of combination). Third concerns "Post-merger integration strategies" (develop new vision and communicate it to employees, develop an integration concept basing on identified risks, integration of IT features as key success of merger). Fourth considers "Customer-focused Management" (taking into account of customer needs and expectations to make a difference from other competing institutions).

For dependent variables, considering the Rwandan Banking sector, the present study proposed the use of the SERVQUAL model modified and containing nine dimensions (Tangibility, Reliability, Responsiveness, Assurance, Empathy, Access, Convenience, Financial aspects, and Employee Competences) which, in our view constitute a good tool to evaluate the quality of service. The detailed service quality demands were categorized into nine major dimensions as follows: 5 for tangibility, 5 reliability, 3 for responsiveness, 2 for assurance, 2 for empathy, 2 for access, 2 for financial aspect, 3 for Convenience and 6 for employee competences. The conceptual framework is reflected through the figure as follows:

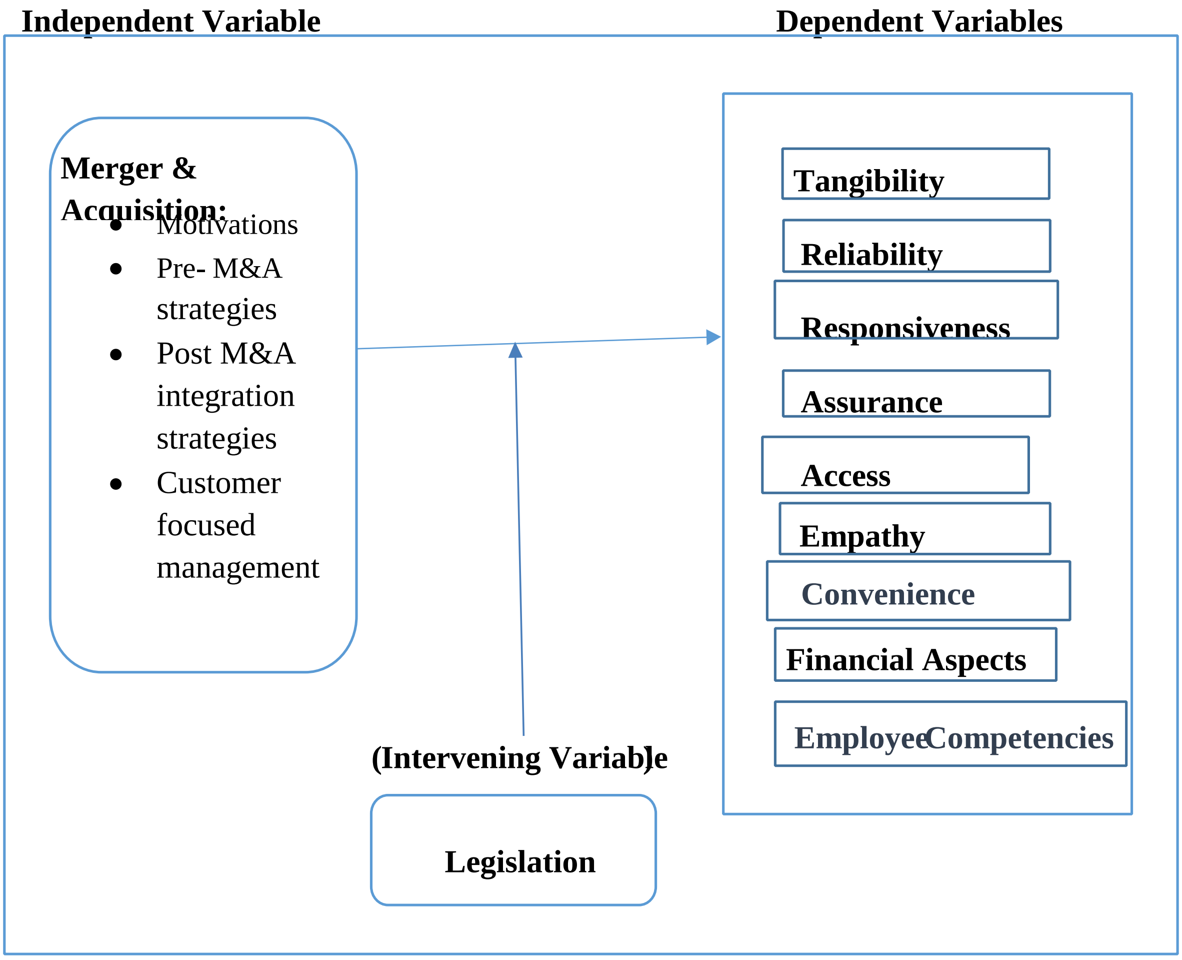

Figure 1: Conceptual Framework

Source: Researcher, (2023)

METHODOLOGY

Research Design

The utmost focus of this research was to examine the effect of merger and acquisition in terms of service quality perceived by customers before and after the 2021 merger and acquisition exercise of KCB Rwanda and BPR. Descriptive research made situational description and tried to find if there is a link between two variables, which in the present research is the change of Service Delivery Quality induced by Merger and Acquisition. The survey design helped to investigate and describe the attributes and categories of customers of the merged banks. The statistical design was used to deal with the data and information that was collected and analyzed.

Target Population

The total population was the clients of the merged banks meaning all clients who were active in former KCB Rwanda Bank and BPR at the time of merger & acquisition. They were 428,000 clients, according to BPR, (2022).

Sample Design

The present study considered the entire population of 428,000 clients as indicated above, and, to find out the sample size of this research, the formula by Mugenda and Mugenda, (2003) was applied with assumptions as follows:

n stands for Z^2pq/ d^2

Considering:

n represents the desired sample size (when the target population is higher than 10,000).
Z being the standard normal deviate at the required confidence level

p represents the proportion in the target population estimated to have characteristics being measured. q equals 1 – p d stands for the level of statistical significance set.

As proposed by Mugenda and Mugenda, (2003), 50% should be used, when there is no available estimation of the fraction in the target population supposed to have the aspects of interest. As the accuracy wished by the researcher is at least 95% (0.05 level), calculation of the sample size is done considering:

n determined using $\frac{(1.96)^2 \times (.50) \times (1-.50)}{(0.05)^2}$

And, n = 385.

It was considered that the sample of 385 customers represents accurately the population of all customers of the newly formed BPR Bank. The sampling technique used was purposive sampling among customers of the two merged banks. We considered those who were existing before and after Merger & Acquisition exercise, starting by those willing to participate in the survey.

Data Collection Methods

We used a questionnaire with questions of 5 Likert scales. We also used interview to have some clarifications necessary to the conduct of research, with the bank staff. The survey was the primary source and was utilised to gather the necessary data. Secondary data were also used such as internet, business magazine, brochures, journals, and newspapers.

Data Analysis Procedure

In order to address research questions, an analytical method has to use the right analytical tools. Care was taken to avoid the selection of inadequate analytic technique that could lead to misleading conclusions. T-test (one tail) and analysis of variance (ANOVA) were the utilised techniques. ANOVA measured the differences in means for pre-acquisition perception, post-acquisition perception, and anticipation for each variable of service quality. The T-test was used to assess the level or weight of the pre-acquisition gap (i.e. perception for pre-acquisition period vs expectation) and post-acquisition gap (i.e. perception and expectation for post-acquisition period) for each variable of service quality. Anova enabled also testing significance between Means of more than two observations and within Means of more than two observations. For instance, for every variable of quality of service (for example responsiveness) we could test importance (or weight) of Mean differences for perception of service for pre-acquisition period, perception of service for postacquisition period and service expectations. While the analysis of variance provided us an outcome generally for the level of service for pre-acquisition and post - acquisition for responsiveness, the t-Test could reveal to us if post – acquisition responsiveness is worse than pre-acquisition.

Also, ANOVA was used to evaluate the level of change of overall customer satisfaction as a result of M&A of the Banks as far as service quality is concerned.

FINDINGS AND DISCUSSION

Conditions for Successful Merger and Acquisition

Interview with BPR Bank staff and research on internet (BPR website) regarding independent variable on conditions for successful M&A were used. Key findings are as follows: Motivations for KCB to acquire BPR include efficiency gain relating to enhancement of management efficiency and technical competency, efficiency gain for products and services, improvement of BPR customer benefits, financial synergy perfection like reduction of transaction cost with economies of scale. As pre-merger condition KCB targets among others BPR sound organization culture and competitiveness. As post–merger integration strategies, bank's vision was developed and communicated to employees, identified risks and IT features are the basis for successful integration. Also, in order to make a difference from other financial institutions, the Bank focuses its efforts on customer by considering client's needs and expectations.

Demographic Characteristics of Respondents

To conduct the research, information was collected from 385 respondents (external clients) who are grouped in the different categories as presented in the Table 1 below:

Table 1: Background Information of the Respondents

Category	Count	Frequency
Gender		
Male	289	75%
Female	96	25%
Total	**385**	**100%**
Education		
Primary		
Secondary	28	7.3%
University	275	71.4%
Other or Professional Certificate	82	21.3%
Total	**385**	**100%**
Location		
Kigali	330	85.70%
Province	55	14.30%
Total	**385**	**100%**

Source: Field Survey, 2024

Table 1 shows that for gender aspect, 75% of respondents are male while 25% are female. With regards to the education level, it shows that 71.4% have a university level (Bachelor's degree), 21.3% have a higher level or professional certificate and 7.3% have a secondary level. Those portions of the respondents sufficiently educated assures that the questionnaire was understood and responses were given with objectivity. The table also shows that 85.7% are located in

Kigali while 14.3% are located in province. This shows that respondents of capital and provinces participated in the survey, what guarantees lack of bias in results given that clients of capital request service not only in capital but also in branches located in provinces and those in branches located in provinces are served in provinces as well as in capital.

Presentation of Findings

This section presents detailed road map and processes that allowed to find responses to the specific objectives of the research.

Service Quality Matrix in Rwandan Banking Institutions

The first objective of this research is to find out whether the Rwandan banks adequately respond to the service quality demands by their clients after acquisition and merger. In order to respond to this question, the study started by looking for and retaining 30 attributes that describe better the service quality of the banking institutions in Rwamda. Using a likert scale of 1, 2, 3, 4, 5, clients freely rated each item (attribute). For each item, it was identified a minimum rate of satisfaction (expectation) expressed by from 50% and above of respondents. Then it was counted the number of perceptions that reach that minimum expectation out of the total number of respondents. The table 2 below presents the satisfaction level for each service quality demand as attempt of service quality matrix after Merger and Acquisition.

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Table 2: Service Quality Matrix Scores after Merger and Acquisition at BPR

		After M & A (BPR currently)					
S/N	**Statement**	**Score / Expected service**	**Score / Perceived service**	**Min Rate of satisfaction expressed by from 50 % and above of respondent**	**Number of perceptions that reach the minimum of satisfaction (out of 385)**	**%ge**	**Conclusion / Interpretation**
1	Premises of the bank and its visibility are appealing.	1 2 3 4 5	1 2 3 4 5	3	337	88%	This Quality demand is satisfactorily responded
2	Technological up-to-date equipments	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
3	The way employees dress.	1 2 3 4 5	1 2 3 4 5	3	225	58%	This Quality demand is satisfactorily responded
4	Marketing materials distributed by the bank. They are clear and give complete information.	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
5	The bank statement visually clear.	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
6	Provide Service as Promised	1 2 3 4 5	1 2 3 4 5	3	273	71%	This Quality demand is satisfactorily responded
7	Problem Handling (Speed of solving problems)	1 2 3 4 5	1 2 3 4 5	3	273	71%	This Quality demand is satisfactorily responded
8	Timely Services (services at the time promised)	1 2 3 4 5	1 2 3 4 5	3	270	70%	This Quality demand is satisfactorily responded
9	Customers don't have to visit the bank many times to solve a particular problem	1 2 3 4 5	1 2 3 4 5	3	257	67%	This Quality demand is satisfactorily responded
10	Delivery on Up-to-Date Record (accurate record)	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
11	Promptness (Employees delivering service at arranged time)	1 2 3 4 5	1 2 3 4 5	3	241	63%	This Quality demand is satisfactorily responded
12	Willingness to Help Customers (Employees willing to help customers)	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
13	Timely Bank information (Bank Statement, Account Balance,...)	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
14	Security of the Bank	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
15	Bank that is worth trusting (error free bank transactions, records and statements)	1 2 3 4 5	1 2 3 4 5	3	273	71%	This Quality demand is satisfactorily responded
16	Access of services (Online service, ATM, mobile Banking)	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
17	Access of services (Convenient branches location, accessible bank agents)	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
18	Empathy (Employees Good communication, understanding customer needs)	1 2 3 4 5	1 2 3 4 5	3	273	71%	This Quality demand is satisfactorily responded
19	Employees have a friendly behaviour	1 2 3 4 5	1 2 3 4 5	3	273	71%	This Quality demand is satisfactorily responded
20	Competitive financial charges (interests charge, various fees)	1 2 3 4 5	1 2 3 4 5	3	257	67%	This Quality demand is satisfactorily responded
21	Competitive financial gains (interests on deposits)	1 2 3 4 5	1 2 3 4 5	3	257	67%	This Quality demand is satisfactorily responded
22	Operating Hours (Convenient operating hours)	1 2 3 4 5	1 2 3 4 5	3	257	67%	This Quality demand is satisfactorily responded
23	Easy, simple and proper transaction procedures	1 2 3 4 5	1 2 3 4 5	3	257	67%	This Quality demand is satisfactorily responded
24	Wide products variety are offered	1 2 3 4 5	1 2 3 4 5	3	273	71%	This Quality demand is satisfactorily responded
25	Eagerness of the employees	1 2 3 4 5	1 2 3 4 5	3	308	80%	This Quality demand is satisfactorily responded
26	Knowledge of the employees (up to date knowledge about products, services, rules and regulations).	1 2 3 4 5	1 2 3 4 5	3	273	71%	This Quality demand is satisfactorily responded
27	The Bank climate among bank's employee contributing to offering better service to customers	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
28	Bank emlpoyees know customers needs and how the bank's products can satisfy them	1 2 3 4 5	1 2 3 4 5	3	273	71%	This Quality demand is satisfactorily responded
29	Bank's employees knowing very well products of the bank	1 2 3 4 5	1 2 3 4 5	3	289	75%	This Quality demand is satisfactorily responded
30	Bank employees don't hesitate to find time to serve customer better	1 2 3 4 5	1 2 3 4 5	3	257	67%	This Quality demand is satisfactorily responded

Source: Field Survey, 2024

Table 2 above shows that all 30 service quality demands are satisfactorily responded with scores comprised from 58 % to 88%.

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Analysis of the Clients' Perceptions on Service Quality of the Banks before and After Acquisitions and Mergers

For every service quality item, it is of great importance to analyse and find out if there are those which improved, those that decreased or those that remained unchanged following M&A. Those clarifications allow to respond to the second objective of the research that seeks to assess the clients' perceptions on service quality of the banks before and after acquisitions and mergers. Table 3 below shows the comparative status of clients' perceptions versus expectations for each individual service quality demand before and after merger and acquisition.

Table 3: Comparative Service Quality Matrix Pre versus Post M&A at BPR BANK

				Before	After	Conclusion / Interpretation
S/N	Statement	Score / Expected service	Score / Perceived service	%ge sat	%ge sat	
1	Premises of the bank and its visibility are appealing.	1 2 3 4 5	1 2 3 4 5	75%	88%	Improvement
2	Technological up-to-date equipments	1 2 3 4 5	1 2 3 4 5	75%	75%	Constant
3	The way employees dress.	1 2 3 4 5	1 2 3 4 5	75%	58%	Deterioration
4	Marketing materials distributed by the bank. They are clear and give complete information.	1 2 3 4 5	1 2 3 4 5	75%	75%	Constant
5	The bank statement visually clear.	1 2 3 4 5	1 2 3 4 5	71%	75%	Improvement
6	Provide Service as Promised	1 2 3 4 5	1 2 3 4 5	63%	71%	Improvement
7	Problem Handling (Speed of solving problems)	1 2 3 4 5	1 2 3 4 5	63%	67%	Improvement
8	Timely Services (services at the time promised)	1 2 3 4 5	1 2 3 4 5	67%	70%	Improvement
9	Customers don't have to visit the bank many times to solve a particular problem	1 2 3 4 5	1 2 3 4 5	63%	67%	Improvement
10	Delivery on Up-to-Date Record (accurate record)	1 2 3 4 5	1 2 3 4 5	71%	75%	Improvement
11	Promptness (Employees delivering service at arranged time)	1 2 3 4 5	1 2 3 4 5	71%	63%	Deterioration
12	Willingness to Help Customers (Employees willing to help customers)	1 2 3 4 5	1 2 3 4 5	75%	75%	Constant
13	Timely Bank information (Bank Statement, Account Balance,...)	1 2 3 4 5	1 2 3 4 5	79%	75%	Deterioration
14	Security of the Bank	1 2 3 4 5	1 2 3 4 5	71%	75%	Improvement
15	Bank that is worth trusting (error free bank transactions, records and statements)	1 2 3 4 5	1 2 3 4 5	75%	71%	Deterioration
16	Access of services (Online service, ATM, mobile Banking)	1 2 3 4 5	1 2 3 4 5	75%	75%	Constant
17	Access of services (Convenient branches location, accessible bank agents)	1 2 3 4 5	1 2 3 4 5	71%	75%	Improvement
18	Empathy (Employees Good communication, understanding customer needs)	1 2 3 4 5	1 2 3 4 5	75%	71%	Deterioration
19	Employees have a friendly behaviour	1 2 3 4 5	1 2 3 4 5	71%	71%	Constant
20	Competitive financial charges (interests charge, various fees)	1 2 3 4 5	1 2 3 4 5	71%	67%	Deterioration
21	Competitive financial gains (interests on deposits)	1 2 3 4 5	1 2 3 4 5	71%	67%	Deterioration
22	Operating Hours (Convenient operating hours)	1 2 3 4 5	1 2 3 4 5	71%	67%	Deterioration
23	Easy, simple and proper transaction procedures	1 2 3 4 5	1 2 3 4 5	79%	67%	Deterioration
24	Wide products variety are offered	1 2 3 4 5	1 2 3 4 5	75%	71%	Deterioration
25	Eagerness of the employees	1 2 3 4 5	1 2 3 4 5	75%	80%	Improvement
26	Knowledge of the employees (up to date knowledge about products, services, rules and regulations).	1 2 3 4 5	1 2 3 4 5	63%	71%	Improvement
27	The Bank climate among bank's employee contributing to offering better service to customers	1 2 3 4 5	1 2 3 4 5	71%	75%	Improvement
28	Bank emlpoyees know customers needs and how the bank's products can satisfy them	1 2 3 4 5	1 2 3 4 5	67%	71%	Improvement
29	Bank's employees knowing very well products of the bank	1 2 3 4 5	1 2 3 4 5	67%	75%	Improvement
30	Bank employees don't hesitate to find time to serve customer better	1 2 3 4 5	1 2 3 4 5	67%	67%	Constant

Source: Field Survey, 2024

From Table 3 above, it can be noticed that following M&A exercise, for 14 service quality demands, quality of service provided to clients improved, for 10 service quality demands the quality of service provided to clients have decreased, while for 6 service quality demands, the quality of service provided to clients remained unchanged. But generally, it is observed that in both situations the service quality demands are met given that expectations of clients are responded.

Assessment of the Extent to which the Mergers and Acquisitions of Banks Influenced the Overall Customers' Satisfaction after the Acquisition and Merger

The 30 service quality items considered in this study were grouped in 9 dimensions of "Tangibility items 1-5), Reliability (items 6-10), Responsiveness (items 11-13), Assurance (items 14-15), Access (items 16-17), Empathy (items 18-19), Financial Aspects (items 20-21), Convenience (items 22-24) and Employee Competences (items 25-30)". The conclusions derived from the two previous tables consider the arithmetic mean approach of data analysis. The tables (4-13) in the following paragraphs consider other more meaningful statistical approach of data analysis, especially analysis of variances (One-way ANOVA) and t-test (Paired sample t-test) to highlight statistical significance of results from data collected from banks sampled respondents.

Table 4: ANOVA and t-test for Tangibility

				Anova (Single Fcator)			t-test (one tail)			
	Mean	Count	Std. Dev	F Stat	P-Value	F -Crit	t-Stat	t-Crit	DF	P (T<=t)
Expectation	3.511688	385	0.787463							
Perception pre-acquisition	3.562078	385	0.76234	9.967824	0.000051057	3.0035361	1.9871584	1.648831	384	0.0238
Perception post-acquisition	3.768831	385	0.974821				6.8763058	1.648831	384	0.00000

Source: Field Survey, 2024

Table 4 above shows that from single factor analysis of variances between and within scores there is significant difference among the 3 means. It shows also that, from Paired Sample t-test for means there is a positive significant pre-acquisition gap (3.562078-3.511688 = 0.05), indicating that the expectations of clients were met for the dimension of "Tangibility". On the other hand, Paired Sample t-test for means reveals a positive significant post-acquisition gap (3.768831-3.511688 = 0.257) and that clients expectations are met too for this dimension of "Tangibility".

Table 5: ANOVA and t-test for Reliability

				Anova (Single Fcator)			t-test (one tail)			
	Mean	Count	Std. Dev	F Stat	P-Value	F -Crit	t-Stat	t-Crit	DF	P (T<=t)
Expectation	3.444675	385	1.0342464							
Perception pre-acquisition	3.363636	385	0.9389307	3.641582	0.026513	3.0035361	-2.52312	1.648831	384	0.00602
Perception post-acquisition	3.557403	385	1.0258399				2.334937	1.648831	384	0.01003

Source: Field Survey, 2024

Table 5 above shows that using the single factor analysis of variances between and within scores there is significant difference among the three means. For this quality dimension of "Reliability", Paired Sample t-test for means reveals a negative significant pre-acquisition gap (3.363636 – 3.444675 = -0.081) hence, clients' expectations were not met. However, for this dimension of "Reliability", after acquisition the situation reversed because the Paired sample t-test for means shows a positive significant post-acquisition gap (3.557403 – 3.444675 = 0.113) indicating that clients expectations are met.

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Table 6: ANOVA and t-test for Responsiveness

				Anova (Single Fcator)			t-test (one tail)			
	Mean	**Count**	**Std. Dev**	**F Stat**	**P-Value**	**F -Crit**	**t-Stat**	**t-Crit**	**DF**	**P (T<=t)**
Expectation	3.5619048	385	1.0084957							
Perception pre-acquisition	3.6987013	385	0.8308024	1.9742335	0.1393373	3.0035361	3.071564	1.648831	384	0.00114
Perception post-acquisition	3.6259740	385	1.0165389				1.519428	1.648831	384	0.06474

Source: Field Survey, 2024

Table 6 above shows the analysis for means for the situations of pre and post-acquisition compared to expectation of the clients in relation to the quality dimension of "Responsiveness". The single factor analysis of variances between and within scores reveals that there is no significant difference among the three means. Paired Sample t-test for means reveals a positive significant preacquisition gap (3.6987013 – 3.5619048 = 0.137) meaning that clients' expectations were met before acquisition. However, for this dimension of "Responsiveness", after acquisition the Paired sample t-test for means shows a positive but not significant post-acquisition gap (3.6259740 – 3.5619048 = 0.064) though clients' expectations are met.

Table 7: ANOVA and t-test for Assurance

				Anova (Single Fcator)			t-test (one tail)			
	Mean	**Count**	**Std. Dev**	**F Stat**	**P-Value**	**F -Crit**	**t-Stat**	**t-Crit**	**DF**	**P (T<=t)**
Expectation	3.7181818	385	0.8564594							
Perception pre-acquisition	3.6727273	385	0.7565059	4.450075	0.011879	3.0035361	-1.2731219	1.648831	384	0.10187
Perception post-acquisition	3.8441558	385	0.8609729				3.2498502	1.648831	384	0.00063

Source: Field Survey, 2024

Table 7 above shows the analysis for means for the situations of pre and post-acquisition compared to expectation of the clients in relation to the quality dimension of "Assurance". The single factor analysis of variances between and within scores reveals that there is significant difference among the three means. Paired Sample t-test for means reveals a negative insignificant pre-acquisition gap (3.6727273 – 3.7181818 = -0.045) meaning that clients' expectations were not met before acquisition. However, for this dimension of "Assurance", after acquisition the Paired sample t-test for means shows a positive significant post-acquisition gap (3.8441558 – 3.7181818 = 0.126) what implies that the situation changed and clients' expectations are now met.

Table 8: ANOVA ant t-test for Access

				Anova (Single Fcator)			t-test (one tail)			
	Mean	**Count**	**Stand.Dev**	**F Stat**	**P-Value**	**F -Crit**	**t-Stat**	**t-Crit**	**DF**	**P (T<=t)**
Expectation	3.6870130	385	0.8905392							
Perception pre-acquisition	3.7337662	385	0.8568976	0.837626	0.433	3.003536	1.055335	1.648831	384	0.145968
Perception post-acquisition	3.7649351	385	0.7705122				1.694411	1.648831	384	0.045499

Source: Field Survey, 2024

Table 8 above shows the analysis for means for the situations of pre and post-acquisition in comparison with expectation of the clients in relation to the quality dimension of "Access".

The single factor analysis of variances between and within scores reveals that statistically there is no significant difference among the three means. Paired Sample t-test for means reveals a positive but not significant pre-acquisition gap (3.7337662 – 3.6870730 = 0.047) meaning that clients' expectations were met before acquisition. However, for this dimension of "Access", after acquisition the Paired sample t-test for means shows a positive significant post-acquisition gap (3.7649351 – 3.6870730 = 0.078), in a situation where clients' expectations are met.

Table 9: ANOVA and t-test for Empathy

				Anova (Single Fcator)			t-test (one tail)			
	Mean	Count	Stand.Dev	F Stat	P-Value	F -Crit	t-Stat	t-Crit	DF	P (T<=t)
Expectation	3.6727273	385	0.8805828							
Perception pre-acquisition	3.6727273	385	0.8064900	7.8244514	0.0004215	3.0035361	0	1.648831	384	0.5
Perception post-acquisition	3.8753247	385	0.7705781				5.237691	1.648831	384	0.0000001

Source: Field Survey, 2024

Table 9 above shows the analysis for means for the situations of pre and post-acquisition in comparison with expectation of the clients in relation to the quality dimension of "Empathy". The single factor analysis of variances between and within scores reveals that statistically there is a significant difference among the three means. Paired Sample t-test for means reveals that there is no significant pre-acquisition gap (3.6727273 – 3.6727273 = 0) but clients' expectations were met before acquisition. However, for this dimension of "Empathy", after acquisition the Paired sample t-test for means shows a positive significant post-acquisition gap (3.8753247 – 3.6727273 = 0.203) and the clients' expectations are met.

Table 10: ANOVA and t-test for Financial Aspects

				Anova (Single Fcator)			t-test (one tail)			
	Mean	Count	Std. Dev	F Stat	P-Value	F -Crit	t-Stat	t-Crit	DF	P (T<=t)
Expectation	3.3584416	385	0.8501456							
Perception pre-acquisition	3.5610390	385	0.7685477	8.916946	0.000144	3.003536	5.310206	1.648831	384	0.000000093
Perception post-acquisition	3.5922078	385	0.8794183				5.138599	1.648831	384	0.000000221

Source: Field Survey, 2024

Table 10 above shows the analysis for means for the situations of pre and post-acquisition in comparison with expectation of the clients in relation to the quality dimension of "Financial Aspects". The single factor analysis of variances between and within scores reveals that statistically there is a significant difference among the three means. Paired Sample t-test for means reveals that there is a significant pre-acquisition gap (3.5610390 – 3.3584416 = 0.203) and clients' expectations were met before acquisition. Also, for this dimension of "Financial Aspects", after acquisition the Paired sample t-test for means shows a positive significant post-acquisition gap (3.5922078 – 3.3584416 = 0.234) and the clients' expectations are met.

Table 11: ANOVA and t-test for Convenience

				Anova (Single Fcator)			t-test (one tail)			
	Mean	Count	Stand.Dev	F Stat	P-Value	F -Crit	t-Stat	t-Crit	DF	P (T<=t)
Expectation	3.6658009	385	0.7218878							
Perception pre-acquisition	3.5627706	385	0.6148710	2.932972	0.053636	3.003536	-3.0440981	1.648831	384	0.0012473
Perception post-acquisition	3.6770563	385	0.8143011				0.2630207	1.648831	384	0.3963378

Source: Field Survey, 2024

Table 11 above shows the analysis for means for the situations of pre and post-acquisition in comparison with expectation of the clients in relation to the quality dimension of "Convenience". Single factor analysis of variances between and within scores reveals that statistically there is insignificant difference among the three means. Paired Sample t-test for means reveals that there is a negative significant pre-acquisition gap (3.5627706 – 3.6658009 = -0.103), therefore clients' expectations were not met before acquisition. However, for this dimension of "Convenience", after acquisition the Paired sample t-test for means shows a positive but insignificant post-acquisition gap (3.6770563 – 3.6658009 = 0.011) where the clients' expectations are met.

Table 12: ANOVA and t-test for Employee Competences

				Anova (Single Fcator)			t-test (one tail)			
	Mean	Count	Stand.Dev	F Stat	P-Value	F -Crit	t-Stat	t-Crit	DF	P (T<=t)
Expectation	3.5467532	385	0.7537380							
Perception pre-acquisition	3.5272727	385	0.8513117	3.572184	0.028406	3.003536	-0.55506	1.648831	384	0.2895897
Perception post-acquisition	3.6766234	385	0.9157044				3.682862	1.648831	384	0.0001318

Source: Field Survey, 2024

Table 12 above shows the analysis for means for the situations of pre and post-acquisition in comparison with expectation of the clients in relation to the quality dimension of "Employee Competences". Single factor analysis of variances between and within scores reveals that statistically there is a significant difference among the three means. Paired Sample t-test for means reveals that there is a negative but not significant pre-acquisition gap (3.5272727 – 3.5467532 = 0.019), therefore clients' expectations were not met before acquisition. However, for this dimension of "Employee Competences", after acquisition the Paired sample t-test for means shows a change where there is a positive significant post-acquisition gap (3.6766234 – 3.5467532 = 0.13) with clients' expectations met.

Overall SERVQUAL Scores

The difference (or gap) between client's perception and expectation scores for each service quality dimension is a level of estimation of service quality in relation to that dimension. The mean gap for all clients reflects a balanced impression of the level of service quality experienced by all clients. Table 13 below gives a recap of the mean scores and mean gaps of service quality dimensions for this research.

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Table 13: Overall SERVQUAL Scores at BPR Bank

Dimension	Expectation		Perception					
	Mean	Stand. Dev	Pre-Merger		Post -Merger		G ap	
			Mean	Stand. Dev	Mean	Stand. Dev	Pre - Merger	Post Merger
Tangibility	3.51168831	0.78746264	3.56207792	0.76234004	3.768831	0.974820996	0.050	0.257
Reliability	3.44467532	1.03424638	3.36363636	0.93893073	3.557403	1.025839852	-0.081	0.113
Responsiveness	3.56190476	1.00849566	3.69870130	0.83080243	3.625974	1.016538918	0.137	0.064
Assurance	3.71818182	0.85645941	3.67272727	0.75650587	3.844156	0.860972909	-0.045	0.126
Access	3.68701299	0.89053920	3.73376623	0.85689762	3.764935	0.770512247	0.047	0.078
Empathy	3.67272727	0.88058284	3.67272727	0.80649001	3.875325	0.770578085	0.000	0.203
Financial Aspects	3.35844156	0.85014561	3.56103896	0.76854771	3.592208	0.879418344	0.203	0.234
Convenience	3.66580087	0.72188776	3.56277056	0.61487103	3.677056	0.814301062	-0.103	0.011
Employee Competences	3.54675325	0.75373798	3.52727273	0.85131175	3.676623	0.915704434	-0.019	0.130
Average							**0.021**	**0.135**

Source: Field Survey, 2024

Table 13 above shows that generally the exercise of merger and acquisition of BPR that took place in 2021 influenced the improvement of the service quality. In fact the overall positive mean gap of 0.021 before merger and acquisition connotes that before the consolidation of two banks the clients were globally perceiving the expected service quality, but the M&A exercise increased the level of satisfaction up to 0.135. This positive variation is merely driven by the improvement of service quality dimensions in the following order: Tangibility for 0.207 (0.257-0.050), Empathy for 0.203 (0.203-0.000), Reliability for 0.194 [0.113 – (-0.081)], Assurance for 0.171 [0.126-(-0.045)], Employee Competences for 0.149 [0.130(-0.019)], Convenience for 0.114 [0.011-(0.103)], Financial Aspects for 0.031 (0.234-0.203), Access for 0.031 (0.078-0.047). The only one service quality dimension for which the level of satisfaction decreased is Responsiveness for -0.073 (0.064-0.137).

Discussion

The study identified four factors for successful M&A which are merger and acquisitions motivations, pre-merger success strategies, post-M&A strategies and customer focused management. This is in line with findings by Chen-Yen, Y., Shari, S.C.S and Yun-Chen, Y., (2016).

On the other hand, findings revealed that Rwandan banks meet clients' expectations before and after M&A in terms of service quality demands. This is a contribution of the study on Rwandan banking sector.

Also, the results findings highlighted the improvement of the general increase of customer satisfaction from the positive gap of 0.021 before M&A to a positive gap of 0.135 after M&A, meaning a positive change of 0.114. This general positive remark also responds to the general essence of the study and confirms that while performing M&A in Rwanda, not only shareholders' interest is considered but also customer satisfaction improvement is taken into account, this being the case at BPR Bank in their M&A that took place in 2021.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The research had a general objective of exploring and finding main motivations behind acquisitions and mergers and find its effects on quality of service in banks in Rwanda. It was

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found out that motives of M&A that touch clients' needs include efficiency gain, financial synergy and competitiveness. Three specific objectives guided the research and the related findings are summirised into the sub paragraphs below.

The first specific objective of the research was to find out whether the Rwandan banks adequately respond to the service quality demands by their clients after acquisition and merger. The research allowed to confirm that after the exercise of merger and acquisition, the Rwandan banks continue to adequately respond to the service quality demands of their clients because generally the exercise allowed to maintain and even increase the level of service perception by their clients' versus expectations.

The second specific objective was to assess clients' perceptions of the banks before and after acquisitions and mergers. The research revealed that before the M&A exercise, clients' expectations are satisfied in the range of 63% to 75% whereas the M&A exercise lead to changes and ranges become 58% to 88% (after M&A) and that in both situations clients' expectations are generally met.

The third specific objective of the research was to evaluate the extent to which the Mergers and acquisitions influenced the overall customers' satisfaction after the acquisitions and mergers. The research revealed that before M&A exercise of 2021 for KCB RWANDA and BPR the clients' expectations were generally met in service provided to them but the exercise allowed the increase of the overall level of their satisfaction.

The research findings allowed to confirm also that generally the M&A exercise in Rwandan banks does not seek only the increase of shareholders' interests but too, takes into account of the increase of satisfaction of served customers, this being the case for the 2021 BPR Bank M&A.

Recommendations

The research revealed that the level of clients' satisfaction in relation to the quality dimension of "Responsiveness" decreased following the M&A exercise. Precisely that was due to the decrease of its component of "Promptness" meaning that the capacity of employees for delivering service at arranged time decreased. We recommend that during the exercise of M&A, new banking institutions strive to put in place measures for respecting the promised timing of service delivery.

Suggestions for Further Study

Market share and profitability of the merged banks is a suggested area for further studies. In fact, M&A is one of the main growth strategies adopted by banking institutions. After acquisition and merger, the consolidated bank obviously increases its market share. This growth strategy was adopted in the case of BPR and KCB Rwanda in 2021. In the new mission of current BPR Bank, growing market share is part of it. We also noted that, after this case of M&A of BPR and KCB RWANDA, a new case of Equity and COGEBANQUE took place earlier in December 2023 to become the seventh M&A of Rwandan banking institutions. We therefore find that analysis of the link of market share for new formed banking institutions and their profitability on the extended term could be an interesting area to investigate.

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