School of Economics & Business Administration
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“MERGERS AND ACQUISITIONS IN THE GREEK BANKING SECTOR.”

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Abstract

M&As is a phenomenon that first appeared in the beginning of the 20th century, increased during the first decade of the 21st century and is expected to expand in the foreseeable future. The current global crisis is one of the most determining factors affecting M&As’ expansion. The scope of this dissertation is to examine the M&As that occurred in the Greek banking context, focusing primarily on the managerial dimension associated with the phenomenon, taking employees’ perspective with regard to M&As into consideration. Two of the largest banks in Greece, EFG EUROBANK ERGASIAS and MARFIN EGNATIA BANK, which have both experienced M&As, serve as the platform for the current study. Our results generate important theoretical and managerial implications and contribute to the applicability of the phenomenon, while providing insight with regard to M&As’ future within the next years.

Keywords: Mergers & Acquisitions, Greek banking sector
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1. Introduction

M&As firstly appeared in the 20th century and ever since have constituted an important strategic choice for several big corporations that need to develop, acquire new technologies and expand their market share.

A merger occurs when two organizations of about equal size are united in order to form one enterprise. Moreover, an acquisition occurs when a large organization acquires a smaller firm or vice versa. When a merger or acquisition is not pursued by both parties, it can be called a takeover/hostile takeover whereas with regard to acquisitions, when the acquisition is pursued by both parties it is considered a friendly merger. (David, 2009).

Some of the most commonly cited reasons that drive companies to M&As are the following: Economies of scale, along with reduction in the production cost and the expansion to new markets (Group of Ten, 2001), reduction in the competition and orientation to monopoly and profits. Moreover, “synergies” exist, allowing the companies to work more efficiently together, in contrast to what they would have accomplished separately. Such synergies may result from the firms’ combined ability to exploit economies of scale, eliminate duplicated functions, share managerial expertise, and raise larger amounts of capital (Ravenscraft & Scherer, 1987). Also a company may seek an acquisition because it believes its target to be undervalued, and thus a “bargain” – a good investment that will lead to a high return for the parent company’s shareholders (Ravenscraft and Scherer, 1987). In addition, the globalization of the markets through denationalization and modernization is a commonly cited factor. Regarding M&As’ outcomes, Georgakopoulou (2000) mentions, among others, the decrease in the employment of less specialized categories and the existence of serious incorporation and compatibility problems.

Despite the fact that there is wide research on M&As worldwide, studies have primarily investigated the financial aspect and not the managerial aspect associated with the phenomenon. (Berger & Humphrey, 1992; Pilloff, 1996; Akhavein et al. 1997; Berger, 1998; DeLong and Deyoung, 2007). Moreover, there is a disproportion between the numbers of studies that have been conducted for foreign bank mergers as opposed to
Greek banks’ mergers, due to the recent participation of the Greek banking sector in M&As.

To address the above mentioned issues in the literature, this dissertation focuses on analyzing the M&As that have occurred in the Greek banking sector. Very few studies have concentrated on the Greek context and this scarcity was an extra driver that motivated us to investigate the banking mergers and acquisitions’ phenomenon. In particular the dissertation will focus on the strategic and managerial point of view of M&As since even these few studies on M&As have heavily focused on the financial aspect.

The dissertation begins by investigating the M&As that have been notable since 1980 in the USA (the decade during which the phenomenon started occurring). It continues with a thorough analysis of the European M&As that first appeared in the 1990s. Nevertheless, the primary objective of the research is to examine the phenomenon of M&As in the Greek banking sector from a managerial perspective. To this end, this research examines the possibility for M&As to succeed after the M&A has taken place, placing emphasis on the managerial consideration that firms should show, according to the employees’ and the CEO’s point of view. Questions sought to be answered pertain to the effectiveness of the employees of the new united group after the M&As. Issues of communication and trust, the advantages and the disadvantages for the employees working under the new circumstances could be a matter of interest. The diversifications in corporate culture, the banks’ difficulty in the higher levels of hierarchy with an emphasis on ways of obtaining an effective management are of primary concern to all parts involved.

The research will be based on a descriptive and qualitative approach. This contains structured and in depth interviews that have been conducted within a period of two months. The interviews were conducted with employees of two of the biggest banks in Greece, MARFIN EGNATIA BANK and EFG EUROBANK ERGASIAS that have already experienced a merger. Most of them are highly ranked members, such as HR Managers, Regional Managers and Branch Managers whose experience in a merger will be of extreme contribution to the study and who, in generally, are supposed to be quite knowledgeable about the firm as a whole, and thus quite suitable as respondents for the purposes of the current dissertation. Moreover, both writers of the dissertation are
employees of these two banks so the access to deeper and more qualitative internal information can produce more accurate results for the current research. Besides, there are significant indicators (i.e. Piraeus Bank’s proposal to acquire Hellenic PostBank and ATE Bank in July 2010) that the M&A phenomenon in Greece will continue intensely in the foreseeable future. Among our primary findings, was the undoubted fact that the managerial policy in M&As should focus on the appropriate preparation of the organization members, their continuous training and smooth integration. The outcomes of the study were expected since both employees in EFG Eurobank Ergasias have experienced numerous Acquisitions while their colleagues in Marfin Egnatia Bank have experienced one merger that has occurred lately. Thus, they have witnessed different situations and different managerial policies.

Findings of the study contribute to literature in a number of ways. First, at the theoretical level, the expected contribution enhances the already existing literature regarding the M&A phenomenon. For example, this study takes organization members into consideration and completes Mylonakis’ (2006) study that highlights the banks’ impact on staff employment. Also, it reinforces Athanassoglou, Brissimis (2004) study that analyses Greek banks’ impact on performance. Moreover, the expected contribution is to fill the literature gap since there is a scarcity of papers conducting a survey for the Greek banking sector. Second, focusing on the managerial perspective of the phenomenon, the study provides insight to more effective ways for firms that are involved in an M&A process, pointing out the factors which firms, managers and shareholders should pay particular attention to. The contribution is expected to be significant because the research will demonstrate deficiencies in management practices that banks should avoid when they are involved in M&As, although the outcomes of the particular study cannot be generalizable.

This dissertation is structured as follows. The second Chapter begins with the existing literature on the mergers and acquisitions’ phenomenon worldwide, ending up with a review of the Greek context. The third Chapter presents the methodology approach employed. The fourth Chapter follows with data analysis while the fifth Chapter provides an interpretation of the interviews’ findings and a thorough discussion of the results. Conclusions, implications and further recommendations are presented in the last Chapter that can be used as a guide to future research.
2. Literature Review

This Chapter is divided in three sections. The first is devoted to a brief review of already existing streams of research related to M&As. The second part provides the historical review and describes the tendencies related to M&As geographically, since the phenomenon firstly appeared in the USA, then in Europe and finally in Greece. The existing gaps in literature which have come up after the extensive review has been conducted, are presented in the third part.

2.1 Streams of Research in M&As

The majority of the literature on M&As concentrates on the following streams: the efficiency and effectiveness of M&As and their impact on banks’ performance, the shareholders’ point of view, the advantages-disadvantages that M&As create, and the factors of success and failure. Other studies review the M&As that occurred in Europe, whereas very few examine the situation within the Greek context.

2.1.1 The Effect of M&As on banks’ performance

Mason (1939) and Bain (1956) analyze the structure – conduct performance (SPC), focusing on the reduction in competition. Thereafter, Demsetz (1973) based on the above mentioned study, focuses on the efficient structure (ES) paradigm and highlights the differences that are presented in the market shares. Carletti, Spagnolo and Hartman (2002) expand the existing literature by reviewing the effects of bank establishment regarding competition and stability.

Noulas (1997) argues that state banks and not private banks were subject to technological improvement. Eichengreen and Gibson (2001) conclude that economies of scale do not appear in large banks but in medium sized banks. Moreover, according to Spathis, Kosmidou and Doumpos (2002) large banks prove to be more efficient than smaller ones, because of the existence of economies of scale. Also, another paper concentrates on the strategic benefits from mergers and acquisitions.
(Economywatch.com). The above mentioned studies affect the profitability and the economic efficiency of the banking system.

Regarding M&As in the Greek economy, two are the prevalent perspectives. Those in favor of mergers and acquisitions claim that the banks’ size has grown due to the M&A, the production procedure is rationalized and banks’ efficiency and effectiveness are setting up higher standards. On the other hand, conservative people support that through mergers and acquisitions, the control of the market is established along with the banks’ monopoly. (Kyriazopoulos, Zissopoulos and Sarigiannidis, 2009).

De Young (1993) examines whether pre- and post- merger inefficiency complies with the traditional market. Additionally, Altunbas and Marques Ibanez (2004) investigate the impact on bank performance in Europe from 1992 to 2001. They claim that this phenomenon will continue to exist due to two important factors. The first factor is the technological improvement as far as the financial globalization is concerned. The second is that there is a big number of banks per 1.000 habitants in the European Union which is twice the number of banks per habitant in the United States. Furthermore there is a broad reference in the efficiency of merged banks and the great involvement of managers and shareholders in the banking industry. There is a lot of space for improvement in efficiency from banking mergers (Humphrey and Vale, 2004) that attracted the involvement of the previous groups. Consequently, Halkos and Salamouris (2004) concluded that M&As contribute to a substantial increase in average efficiency.

According to Focarelli and Panetta (2003), the purpose is to succeed in efficiency but that might take a longer period of time. To be more specific, short term goals such as risk diversification and the benefits of a brand name can be reached easily; nevertheless efficiency goals, such as cost reduction, might need much longer to be achieved. This confusion might result from the mismatching of dissimilar institutions (Vander Vennet, 2002). Few years later, Bernad, Lamata, Gomez (2007) adjusted Focarelli and Panetta’s theory to the Spanish banking sector and evaluated the effects of mergers and acquisitions on the long run productivity.

With regard to the Greek context, Athanassoglou and Brissimi’s (2004) study the M&As that took place in the banking sector and their effect on bank efficiency and performance. From 1994 to 1997 Greek banks improved significantly in all aspects including profit efficiency. The period from 2000 to 2002 was characterized by a
noteworthy banking system concentration. Overall, the authors conclude that M&As influence banks’ profitability in a positive way and cost efficiency to some extent. According to Lazaretou (2004), the monetary policy in Greece from 1833-2003 is a significant factor. She argues that Greece entered a brand new era when it joined the Euro zone.

Mylonakis (2006) reviews the impact of banks mergers and acquisitions on staff employment and effectiveness. The study evaluates the performance and the efficiency of bank M&As in Europe and USA and comes to the conclusion that it has been to a great extent disappointing.

2.1.2 The Shareholders’ perspective

Becher, Cai and Ouyang, (2010) motivated by the conflict for an M&A decision between the shareholders and their financial advisors, examined whether this correlation is positive or negative. In addition, this study is one of the few, examining the shareholders’ perspective. Shareholders listen to financial advisors’ perspectives and agree to proceed in M&As when the merger opinion is the more prevalent. Nevertheless they may ignore them when the merger does not favor them.

2.1.3 Advantages and disadvantages associated with M&As

The Economic Monetary Union (EMU) enforces the competition among banks, enhances the internationalization of banks and thus leads to the staff reduction along with the curtailing of banks' branches network. Consequently the goal is to consolidate strong financial institutions (Kyriazopoulos, Zissopoulos and Sarigiannidis, 2009).

According to Kyriazopoulos, Zissopoulos and Sarigiannidis (2009) one of the most frequently cited advantage resulting from the banking mergers and acquisitions is the Maximization of the shareholders value .M&As ensure trust among investors which, in turn, leads to a rise in shares’ price. Also, the rising competition will be eliminated on the condition that the merged institutions offers new diversified products of higher quality (Lower rates). Furthermore, the profits of the financial institutions are growing
because of the decreasing power of competition and constant technological breakthroughs. This leads to economies of scale regarding the production. Finally, the disintermediation phenomenon (too many subsidiary companies) is reduced because M&As facilitate the reintermediation (merging of subsidiaries).

On the other hand, the same study analyses the disadvantages associated with M&As. First and foremost, difficulties in adjustment of the personnel of merged banks may arise when policies and procedures are implemented. Furthermore, M&As may result in internal competition among employees and their downsizing. Excessive personnel will be in a dire need for further education and branches that are no longer needed, may be rented or sold at low prices. Moreover, the possibility of the proposed M&A being verified by supervisor authorities leads to uncertainty. As far as the merged banks’ shareholders are concerned, they may lose from the decrease in their share price. Finally, difficulties in adaptation to the new corporate culture may occur.

2.1.4 Factors of success and failure regarding M&As

According to Stahl (2004) and Schuler & Jackson (2001) the factors that may lead to unsuccessful mergers and acquisitions are the inaccurate evaluation of the ‘’target’’ bank during the process of M&As and the difficulties in unification when the human factor is involved. In addition, delays in the unification process might have negative consequences (underestimation of costs, loss of mismanaged talent). Excessive debt might result when a bank plans to acquire a new one, and problems might occur when many executives are involved in the negotiation procedure.

On the other hand, Epstein (2005) mentions the factors that might contribute to successful M&As. These are dedication to the concrete strategic vision for long term benefits, careful and thorough analysis of the terms of the deal, regarding the finance of the project, discrete analysis of the pre merger activity and the strategic completion after the merger.

Reed Lajoux (2006) analyses the factors that contribute to successful merger activity. She focuses on challenges (culture clashes, management structure) that banks face. Motivations, opportunities and risks for mergers and acquisitions in the European
financial services market are exposed in the Business Insights magazine. About 60% of the M&As deals are unsuccessful because they approached the deal with overconfidence or because their aim was to achieve global expansion.

2.2 Worldwide Historical review and tendencies observed with regard to M&As

2.2.1 Review of the M&As in the USA Context

According to Gaughan (2000), four streams of trends within the examination of M&As have been notable in the 20th century according to the literature, while the fifth occurred in the 1990s. To be more specific, in the mid 1960s the activity of mergers and acquisitions increased due to the fact that the total value of all the M&As was below 20 billion dollars (Adampas, 2006). Continuing on, the 1980s was characterized by an intense activity of mergers and acquisitions because of the shift in the policy regarding the size of the company that was to be acquired. The most common characteristic of this period was on the one hand the need to merge and acquire companies that operated in foreign markets and on the other hand the companies’ tendency to conduct their business within the bargains of their local industry rather than expand to new areas (Gray and McDermott, 1987). With regard to the cost X efficiency during the 80s, there were insignificant improvements (De Young, 1997; Peristiani, 1997) compared to the improvements in profit efficiency (Akhavein et al. 1997). In the 1990s, according to Rhoades (1998), four of the nine mergers were successful in ameliorating cost X efficiency, but all mergers and acquisitions resulted in cost cutting. Concerning the profit efficiency, Berger (1998) reckons that banks with the lowest efficiencies present the highest improvement.

According to Wikipedia analysis (please see the Appendix 1), we observe that there is a constantly increasing trend of the phenomenon of M&As regarding the US banks. From 1930s to 1960s, thirteen mergers occurred. From the 1960’s to the 1980’s, seven mergers took place (half the number that appeared the previous decades). Moreover, from 1980 to 1990, twenty nine mergers occurred, almost four times more than those in the previous period (1960 – 1980). Furthermore, from 1990s to 2000s, M&As were
doubled to fifty eight whereas from 2000s to 2008 this number reached forty four mergers without taking into consideration the last two years of the decade.

Observing the theoretical background regarding M&As in the US banking industry, we notice that no positive influence on performance has occurred. The majority of studies have presented a failure to provide a clear relationship between M&As and performance. (DeLong and Deyoung, 2007; Amel, et al., 2004; Berger, Demsetz, and Strahan, 1999). They have examined cost efficiency by studying accounting ratios (Pilloff, 1996; DeLong and Deyoung, 2007), profitability ratios [ROE, ROA] (Berger & Humphrey, 1992; DeLong and Deyoung, 2007; Pilloff, 1996), cost X efficiency (Berger & Humphrey, 1992; Deyoung, 1997), and profit X efficiency (Akhavein et al. 1997; Berger, 1998). None of the above studies has highlighted the positive effects of M&A activities regarding the US banks’ performance.

2.2.2 Review of M&As in the European Context

According to the European Central Bank (December 2000), the period between the late 1980s and the early 1990s was characterized by a restructuring and concentration process that ended up to larger financial institutions eager to compete in the regional market. Nevertheless, there has been a high consolidation activity in the European Banking system.

Major mergers and acquisitions were observed in Europe in the mid 1990s. The Economic and Monetary Union, the European Unification, the introduction of euro and the tendency to focus on the European banking sector are significant factors leading to the completion of a unified market of financial services (Adampas, 2006).

Papadimitriou (2006) underlines the five major streams that are going to prevail until 2010. The first is the scanning stream of M&As in Europe. So far, M&As in the European banking sector have taken part in a domestic context but now, cross border mergers are about to occur. The second refers to the need to curtail the cost that leads to banking functions’ off shoring i.e. the transfer to low cost countries. The third is the development of a new middle class that constitutes an immense market for financial
products. The forth presents the consequences related to the aging of population in the USA and Europe while the fifth analyses the implication of innovation in banks.

2.2.3 Review of M&As in Greece

Modifications in the Greek banking system were observed in the early 1980s due to the increased role of the Bank of Greece. The Greek financial market faced a broad deregulation process after the report of the Karatzas Committee in 1987. M&A activity in Greece began late and was very notable in the second half of the 1990s. Not to mention that Greece’s forthcoming entrance the euro zone, the introduction of new technologies and the need to face competition from foreign banks were the most important factors that facilitated the transition into this new era (Athanasoglou, Brissimis, 2004).

The major motivation for the above mentioned reports was the international expansion of competition and the consolidation of the European market for financial services (Mylonidis, Kelnikola, 2005). Moreover the Greek banking sector has been modified due to deregulation and the liberalization process (Provopoulos-Kapopoulos, 2001). Thomopoulos (2008) examines the M&As in the Greek banking sector. He evaluates the efficiency and the extent of alignment with the corporate strategy in Marfin Egnatia Bank. He analyses the theoretical framework and the tendencies that have occurred in the Greek banking sector.

2.3 Review of existing Methodology Approaches with regard to M&As

Two are the types of empirical methodology mostly noted with regard to M&As. First is the comparison of pre and post merger performance and second is the event study type methodology based on prices of concrete financial assets (Berger, Demsetz, Strahan 1999). In the following, we present some related studies of each stream.

Soubeniotis, Mylonakis, Chatzithomas and Mertzimekis (2006) collected and processed 15 questionnaires concerning 22 buyouts of companies from firms already introduced in the Athens Stock Exchange. The methodology they employed was based on a research that was conducted by Lazaridis in 2003, regarding buyouts and mergers within banks. Pazarskis, Vogiatzoglou, Christodoulou & Drogoulas (2006) used post merger accounting data, i.e. financial ratios, in order to examine the shifts on the bank’s performance. Both a sample of 50 acquiring firms and a questionnaire were used. Moreover, Beccalli, Frantz (2008) examined pre and post merger bank’s performance. They conducted ANOVA tests. Also, accounting profitability ratios (ROE, ROI) have been used to measure efficiency. Altanbas, Marques Ibanez (2004) evaluated banks’ performance, compared pre and post merger performance by using both accounting efficiency data. In addition, Mylonidis, Kelnikola (2005) used performance indicators of variables related to profitability, efficiency, productivity, liquidity. Also, a sample of 9 merged banks and 4 non merging banks within 1999-2000 was used. Furthermore, Beitel, Schiereck & Wahrenburg (2004) used 3 sources like Thomson, Bloomberg, Computasoft M&A data, along with the methodology of an event study (OLS Market Model). In addition Mylonakis (2006) reviewed the history of 5 major Greek banks (National Bank of Greece, Emporiki Bank, Alpha Bank, EFG Eurobank Ergasias, Piraeus Bank) and
concentrated on indicators related to the employment. Thomopoulos (2008) examined the merger based on accounting operational performance evaluation. Further indicators of efficiency and productivity have been used.

2.4 Literature Review gap

Overall, it is believed that the phenomenon of M&As will continue because companies have a lot of funds from the period 2000 – 2008 (which is characterized as a period of great growth). In the banking sector, mergers and acquisitions were not so obvious within the European Union compared to those observed within the United States during the 1990s. For this reason, there is extensive empirical literature that has concentrated on the United States, compared to the empirical literature for the European Union. According to Beitel, Schiereck, and Wahrenburg (2004), more than 100 studies showed that 85% of the research covers the United States market. Thus their contribution to studying the European mergers and acquisitions is still limited. They claim that only 25% of the research concludes in positive results about a merger or acquisition. The rest 75% includes negative or mixed results.

3. Methodology

Based on the discussion presented above, there is a tendency of studies to focus on financial metrics associated with M&As. In addition very few studies follow the qualitative methodology and even if they do so, their approach is very limited and constrained, while there is scarcity of studies with regard to the Greek context.

In this regard, we considered some financial ratios to a certain extent in order to compare the actual data and the perceptual data (interviewees’ perspective) as far as the M&A’s impact on banks in general and on their performance are concerned.

Regarding our assignment, we considered the qualitative methodology (in depth interviews and case studies), as more appropriate and more feasible since we wanted to seek deep insight to organization members’ perspective and with regard to their
experience associated with M&As. Qualitative research is descriptive in nature, because it analyzes data in depth. It provides insight into subtle nuances that the quantitative approach might miss and thus facilitates a coherent synthesis of the data. (Yin; Pratt, 2008).

A detailed research protocol, including interviews relevant to the investigation, underpinned the study. The interview guides were generated starting from the literature review and the proposed conceptual framework. The team of researchers observed the organization during a period of two months. Interviews were tape recorded to the greatest possible extent, with notes taken in parallel. Immediate and full write up of the interviews followed and case study reports were produced.

**Sample**

We conducted in depth interviews with fourteen employees that have experienced mergers and acquisitions in two of the largest banks of Greece (EFG Eurobank Ergasias and Marfin Egnatia Bank). The interviewees were randomly selected among a variety of individuals, since they were eager to respond to our questions, in contrast to others, and since their job positions and tasks in the Banks were considered quite appropriate for the purposes of the research. The respondents are aged between 30 and 55 years. They hold different positions –managerial and not-, since this study aims at depicting how employees placed in different positions experienced the Acquisitions. As such, they were chosen in order for us to be able to provide pluralism, objectivity and diversification in our study based on their perceptions. Nine of the respondents work in EFG Eurobank Ergasias and the other five in Marfin Egnatia Bank. Overall, twelve respondents of the sample, work in branches: one of them is the Regional Manager and one is the Human Resources Manager. The interviewees are both men and women and work both in Thessaloniki, in Pieria and Athens.

**Context**

Our approach concentrates on the Greek banking sector and especially on two of the largest banks of Greece (EFG Eurobank Ergasias and Marfin Egnatia Bank).
Research Design & Process

The interviews occurred within a period of two months and the interviewees were notified in advance for the upcoming interview and about the topic and purpose of the study. We conducted the interviews while the respondents were at work. The whole duration of each interview was for almost one hour. Before the interview, we assured both respondents and the Bank that anonymity and confidentiality would be maintained.

Questionnaire

The questionnaire employed (please see the Appendix 3) includes a wide range of both open ended and close ended questions primarily adapted from Reed Lazoux’s research (2006). We commenced with some basic questions in the first part which served as a driving tool for subsequent discussion. Among others, questions aimed at investigating the factors required for a successful merger activity. Whether the mismatch in culture causes merger problems or the purchasing bank regards itself as a superior are questions that are of great importance. The fact that M&As lead to a reduction in the number of employees and which in turn leads to discriminations, is among the ones sought after. Last but not least, what happens to the board of directors when two groups merge and whether the mission and vision statements should be merged are matters of concern.

The second parts included more personal questions seeking responses concerning the respondent’s career history and experience, the general managerial policy implemented in the bank pre and post the acquisition, the shift in the number of employees, the composition of the board of directors, the assimilation processes, and the impact on bank’s performance and on customers’ reaction.

The third part contained their personal predictions for the upcoming M&As and their suggestions towards averting potential conflicts between employees, managers and shareholders.

Concluding with the methodology approach, this study compares the actual data (ratios) and the perceptual data (interviewees’ perspective) as far as the M&A’s impact on banks’ performance is concerned.

The case studies that are included in the dissertation are related to the phenomenon of M & A in Eurobank Ergasias EFG and in Marfin Egnatia Bank. What happened in these
mergers, what the employees that experienced pre merger and post merger situation believe, whether the M&A had an impact on their performance and their rights are issues that need to be investigated.

Consequently, our approach is a straightforward approach that is said to be more reliable due to the access to the data and information required. Our immediate access facilitated our work with the sincere and thorough interviews that can uncover deeper aspects and provide useful exchange of information. In addition, our relevant working experience enhances the understanding of the complex phenomenon of mergers and acquisitions.

Nevertheless, the findings of the research are immediately related to the responses of the respondents and for that reason there may be a limited scope and thus our findings cannot be generalized.

The cases of Eurobank EFG and Marfin Egnatia Bank are presented below as an introduction for the data analysis that follows in the next Chapter (Chapter 4).

3.1 The case of EUROBANK EFG

Eurobank EFG is a European Organization with 23,000 employees and offers a wide range of products and services through 1600 branches and other alternative networks.

It has a substantial presence in 10 countries: Greece, Bulgaria, Serbia, Romania, Turkey, Poland, Ukraine, United Kingdom, Luxemburg and Cyprus. It is also part of the EFG Group based in Geneva, Switzerland and constitutes an international banking group present in 40 countries.

Eurobank EFG is characterized by an important liquidity, significant adequacy of capital, conservative management, stable development, effectiveness and profitability.

Eurobank EFG or EFG Eurobank Ergasias is the third largest bank in Greece with more than 300 branches throughout the country and leading market shares in high growth
segments. It is part of Spiro Latsis group of companies. EFG Eurobank Ergasias is based in Athens, Greece.

When it comes to the historical review, "Euromerchant Bank SA" (Ευρωεπενδυτική Τράπεζα ΑΕ, literally euroinvestment bank) was established in 1990. In 1994 it acquired 75% of EFG Private Bank (Luxembourg) S.A. Two years later, in 1996 it acquired Interbank Greece S.A.

In 1997 Eurobank – Interbank merged and the acquisition of the branch network of Credit Lyonnais Greece S.A occurred."Euromerchant Bank" was renamed "EFG Eurobank S.A."

In 1998 it acquired 99.8% of Cretabank. Consequently, in 1999 EFG Eurobank went on to merge with Bank of Athens through share exchange. It also acquired 50.1% of Ergobank following a public offering. In 2000 the new entity was renamed "EFG Eurobank Ergasias S.A." Furthermore it possessed 19.25% participation in Banc Post S.A. Romania.

In 2002 EFG Eurobank Ergasias merged with Telesis Investment Bank. It acquired 50% in Alico / CEH Balkan Holdings leading to a 43% participation in Post Bank Bulgaria.

One year later, in 2003 Merger through absorption of "Ergoinvest S.A." and "Investment Development Fund S.A." took part; Euroline Retail Services in Romania and Eurocredit Retail Services in Cyprus were established.

In 2004, Euroline Retail Services AD in Serbia was founded, 100% subsidiary of Eurobank Cards. Two years later, in 2006 it acquired 100% of Nacionalna štedionica – Banka in Serbia, 70% of Tekfenbank in Turkey, 99.3% of Universal Bank in Ukraine and 74.3% of DZI Bank in Bulgaria.

3.2 The case of MARFIN EGNATIA BANK

Nowadays, Marfin Egnatia Bank is among the 5 largest banks in Greece. It is the consolidation of three medium sized banks (Egnatia Bank, Laiki Bank and Marfin Bank) that set new standards after the evaluation of the Greek banking system.
In 1901 Laiki Savings Bank of Lemessos was created.

In 1967 Laiki Savings Bank of Lemessos was renamed Laiki Bank by broadening geographically its operations.

Many decades later, in 1991, Egnatia Bank starts its operations and seven years later, in 1998, Marfin AXEPEY followed.

Next, in 1999, the merger between Egnatia Bank through the absorption of Central Bank of Greece was approved.

In 2000, Egnatia Bank acquired BNP-DRESDNER (ROMANIA) and renamed it in Egnatia Bank (Romania) SA.

One year later, in 2001 Piraeus Prime Bank was purchased by Marfin AXEPEY and the new group was renamed Marfin Bank.

In 2004 Marfin Financial Group was formed with the merger of Comm Group, Marfin Classic Close and Maritime & Financial Investments. The merger between Marfin Bank and Investment Bank of Greece was fulfilled.

In 2005 the Agreement with shareholders of Egnatia Bank for the acquisition of a minority of shares was reached.

Lastly, in 2006 the Agreement among Marfin Financial Group, Laiki Bank and Egnatia Bank after a public offer of Laiki Group to the board of directors of Egnatia Bank and Marfin Financial Groupis was completed. Thus MARFIN POPULAR BANK is created and the name for Greece is Marfin Egnatia Bank.

The new group is the first triple merging effort in the Greek banking area and in South-East Europe. It is a unique group since it creates two groups under the parent which are of subsidiary nature. Marfin Popular Bank owns the 95% of Marfin Egnatia Bank which operates as a subsidiary. This double nature of the merger works for performance and marketing reasons. This merger is a kind of absorption because Egnatia Bank absorbed Laiki Bank and Marfin.

Marfin Popular Bank operates 160 branches in Greece (Marfin Egnatia Bank) with 5500 employees, 115 branches in Cyprus, 10 branches in Australia, 5 branches in United Kingdom, 1 branch in Guernsey, 20 in Serbia, 81 in Ukraine, 19 in Romania, 6 in Malta.
The merger of Marfin Egnatia Bank attached new characteristics that contributed to the success of the project. These were:

1. Diversification of sources that turn in income to the group.
2. A wide range of the banking services offered covering all existing banking products.
3. Expansion in markets with high rates of growth (Romania, Estonia)
4. Strengthening the role of the board of directors.
5. Creation of good capital adequacy.
6. Bigger operating channels.

According to Thomopoulos (2007) the merger led to success despite the difficulties that such a project has. The unification and the homogenization of the branches, the company profile, the subsidiaries and the control of the employees were some of the difficulties. The outcome, though, showed that the project was successful due to the reasons below:

1. The reassurance that the employees received that their jobs would be safeguarded and the enthusiasm that followed.
2. The experience in mergers of the executives of Marfin and Egnatia Bank.
3. The non-adoption of new methods and practices.
4. The avoidance of changing the service procedures and the banking products. (“Don’t reinvent the wheel” practice)
5. The Use of the best human recourses.

Thomopoulos (2007) explained the basic factor that helped towards the avoidance of problems during the merger procedure in order to study the success factors thoroughly. At the time of the merger, Marfin Investment Group (MIG) was the parent company of Marfin Bank, the owner of the 44, 5% of Egnatia Bank and the major shareholder of Laiki Bank Group. This fact created a friendly environment that eliminated the potential
problems and accelerated the transaction among the three boards. It also safeguarded the project because it excluded the possibility of a competitor appearing to jeopardize the deal. Moreover, the new board was equally composed so that no party was disappointed.

In the following, we present key aspects that emerged from the interviews in order to next associate respondents’ perspectives with key theoretical issues concerning the study and be able to draw and discuss our conclusions. A list of the full interviews is included in the Appendix.

4. Data Analysis

The data analysis implemented the open techniques (Strauss & Costin, 1990) in order to link the qualitative data to the issues of research. Additionally, the pluralism and the immediate transcription of the interviews reassured the reliability of the research.

The below mentioned cases of Eurobank EFG and Marfin Egnatia Bank are based on the authors’ personal research, including reading of the press, articles and interviews. They are not bank material. The cases are presented in this part of the study in order to enrich the theoretical review of the M&As with real examples.

_EFG Eurobank Ergasias S.A:_

To begin with, among the nine interviewees that accepted to be interviewed, five have experienced the Ergobank Acquisition in 2000. In addition, two interviewees have witnessed the Cretabank Acquisition in 1998, while one interviewee had experienced the Bank of Athens Acquisition, in 1999. Furthermore, one interviewee was a witness of both Cretabank and subsequently Ergobank Acquisition but she was on the purchasing bank’s side (Eurobank). Moreover, six respondents are males and three are females. The dissertation decided to take gender into consideration; since Ergobank did not employ women until 1996. Its policy considered women unproductive since they could not work overtime, they had children and they were absent for a long period of time during their pregnancy or were on maternity leave. Also, all respondents work in branches located in
Central Macedonia, especially in Thessaloniki and Pieria prefectures. The geographical selection of respondents was not random at all, since the study aimed at depicting how employees, employed in both urban city and the peripheral branches, have experienced the above mentioned Acquisitions.

As far as the interviewees’ position is concerned, they hold different positions - managerial and non-managerial. Two are currently working as Personal Banking Officers, one as a Mortgage Loan Officer, one as a Small Business Banking Officer and four are branch managers. The respondents’ ages ranged between 35 and 55 years old.

**Interviewee 1: Cretabank Acquisition: (Please see the Appendix 4, Interview 1)**

The respondent is male, 50 years old and is a branch manager in Pieria.

Beginning with the first part of the questionnaire, the respondent believes that the most significant factors that contribute to a successful merger are equal opportunities, interest for the employees, economies of scale. The purchasing bank regards itself as a superior though it depends on the deal between the purchasing bank and the merged/acquired bank. Problems in performance may arise due to the mismatch of different corporate cultures. Staff should be mixed to avoid these differences in culture and in philosophy. Also the M&A results in employees’ reduction and in brand new board composition. Executives of the merged/acquired bank participate in the new board to a small extent.

In a merger between large companies acquiring a smaller one, the seats on the board of the acquired bank are eliminated. According to the respondent, when two banks merge, both mission and vision should merge. The vision and mission should be crystal clear and they should inspire all the employees.

The second part of the questionnaire includes more personal questions. The respondent was employed in 1985, in Cretabank as a Loan Officer. The pre Acquisition managerial policy focused on enhancing the customers’ service. After the Acquisition, the policy became more aggressive and sales driven. The respondent describes the Acquisition process. Cretabank was supervised by the Greek State for a long period of time due to the Koskotas scandal and it was taken over in 1998 by Eurobank. The acquisition’s purpose was to increase the existing network and occupy experienced employees. The
The respondent is of the opinion that the employees’ number remained the same after the Acquisition and that the bank provided assimilation processes since it aimed to integrate all the employees. It was a very difficult experience for all the employees and the respondent considered the Acquisition as an opportunity in his career. The bank’s structure changed while the board of directors did not include executives from Cretabank. The Acquisition had a positive impact on the bank’s performance and a negative impact on the customers’ reaction. The respondent cannot tell whether it was a successful Acquisition but it was definitely a necessary one.

The respondent concludes that the M&A will continue since the Greek system provides all the appropriate conditions. Nevertheless, there is always room for improvement.

Interviewee 2: Cretabank Acquisition: (Please see the Appendix 4, Interview 2)

The respondent is female, 42 years old and is a branch manager in Pieria.

Regarding the first part of the questionnaire, the respondent believes that the most significant factor that contributes to a successful merger is the interest for the employees. The purchasing bank regards itself as a superior and problems in performance may arise due to the mismatch of different corporate cultures. Also the M&A results in employees’ reduction and in brand new board composition. In a merger between large companies acquiring a smaller one, the seats on the board of the acquired bank are eliminated. According to the respondent, when two banks merge, both mission and vision should also merge.

The second part of the questionnaire included more personal questions. The respondent was employed in 1991, in Cretabank as a teller. The pre Acquisition managerial policy focused on enhancing the customers’ service. After the Acquisition, the policy became more aggressive. Cretabank was supervised by the Greek State for a long period of time due to Koskotas scandal and it was acquired in 1998 by Eurobank. The acquisition’s purpose was to increase the existing network and occupy experienced employees. The respondent is of the opinion that the employees’ number remained the same after the Acquisition and that the bank provided assimilation processes since it aimed to integrate all the employees. It was a very difficult experience for all the employees who considered the Acquisition as a threat to her job. The bank’s structure changed while the
board of directors did not include executives from Cretabank. The Acquisition had a positive impact on the bank’s performance and a negative impact on the customers’ reaction. The respondent cannot tell whether it was a successful Acquisition but it was definitely a necessary one.

Finally, M&As will continue since the Greek system provides all the appropriate conditions. Nevertheless there is always room for improvement.

*Interviewee 3: Ergobank Acquisition: (Please see the Appendix 4, Interview 3)*

The respondent is female, 37 years old and is Customer Service Officer in Thessaloniki.

To begin with the first part of the questionnaire, the respondent believes that the most significant factors that contribute to a successful merger are the employees’ preparation for the upcoming Merger/Acquisition and the reassurance of employees’ rights. The purchasing bank does not regard itself as a superior but the purchasing bank’s employees do view themselves as such. Problems in performance may arise due to the mismatch of different corporate cultures. Also the M&A results in employees’ reduction. The board’s structure and composition depends on the pre merger/acquisition deal. Indeed, when large companies acquire a smaller one, the seats on the board of the acquired bank are reduced. According to the respondent, when two banks merge, both mission and vision should also merge.

With regard to the second part of the questionnaire, the respondent stated that she has been employed since 1995 in Bank of Athens as a teller. The pre Acquisition managerial policy focused on enhancing the clientele and the existing network. After the Acquisition, the policy became more sales driven. In 1999, EFG Eurobank realized a merger with the Bank of Athens through share exchange. The purpose was to enter the Stock Exchange. The respondent is of the opinion that the employees’ number changed and that the bank provided assimilation processes since it aimed to integrate all the employees. The employees of former Bank of Athens accepted the new structure and did not oppose to it at all. Of course they experienced it with fear and frustration. The respondent did not consider the Acquisition as a threat to her job. The bank’s structure changed. All the former executives of Bank of Athens were replaced. The Acquisition
had a positive impact on the bank’s performance and on the customer’s reaction. Finally, it was a successful Acquisition

The respondent concludes that the M&A will continue since the Greek system provides all the appropriate conditions. Nevertheless, there is always room for improvement. What could be done is to prepare the employees for the upcoming merger/acquisition and the integration

*Interviewee 4: Ergobank Acquisition: (Please see the Appendix 4, Interview 4)*

The respondent is female, 33 years old and is a Personal Banking Officer in Thessaloniki.

Beginning with the first part of the questionnaire, the respondent believes the most significant factor that contributes to a successful merger is the interest in the employees. The purchasing bank regards itself as a superior. Problems in performance may arise due to the diversification in corporate cultures. Also the M&A results in employees’ reduction and in new board composition where executives of both banks participate. When two banks merge, both mission and vision should also merge.

In the second part, the respondent stated that she was employed in 1997 in Ergobank as a customer service officer. The pre Acquisition managerial policy focused on strengthening interpersonal relations with the customers. After the Acquisition, the managerial policy aimed at enhancing the existing clientele through sales. The Acquisition Process intended to unify the clientele of both banks and the products. The respondent is of the opinion that the number of the employees reduced and highlights the inexistence of assimilation processes. It was very difficult for the employees although she did not consider it as a threat to her job. The bank’s structure changed and there was no integration. Regarding the board of directors, it included executives from Ergobank. The Acquisition had a positive impact on the bank’s performance and a negative impact on customers’ reaction.

M&As will continue, since the Greek system provides all the appropriate conditions despite the fact that there is a gap with regard to the managerial side.
Interviewee 5: Ergobank Acquisition: (Please see the Appendix 4, Interview 5)

The respondent is male, 39 years old and is a Mortgage Loan Officer in Thessaloniki.

Regarding the first part of the questionnaire, the respondent believes that the most significant factor that contributes to a successful merger activity is the homogenization and the integration of the employees. The purchasing bank regards itself as a superior and problems in performance arise due to the mismatch of different corporate cultures. In addition, M&As result in employees’ reduction, discriminations. The board of directors is also merged. Both mission and vision statements should merge but what is usually observed is that the purchasing bank imposes its own mission and vision.

The second part includes more personal questions. The respondent was hired in 1997 in Ergobank as a teller. The managerial policy, before the Acquisition concentrated on customer’s service. The branches had a wide autonomy and did not hire women until 1996. After the Acquisition, the policy shifted and became more aggressive in order to maximize the cross selling index. The purpose was to acquire Ergobank because it had good, loyal customers, a wide network of branches and experienced employees. The respondent believed that the employees’ number reduced and stressed the inexistence of assimilation processes. Employees experienced the Acquisition with fear and suspicion but he did not consider it as a threat to his job. The bank’s structure changed immediately and many executives from Ergobank and the competition participated in the board. The Acquisition and the implication of the new policy had a positive impact on bank’s performance but a negative impact on the customers’ reaction.

M&As will continue, since the Greek system provides all the appropriate conditions despite the fact that there is a gap as regards to the managerial side.

Interviewee 6: Ergobank Acquisition: (Please see the Appendix 4, Interview 6)

The respondent is male, 43 years old and is a Small Business Banking Officer in Thessaloniki.

Beginning with the first part of the questionnaire, the respondent believes that the most significant factors that contribute to a successful merger activity are the right
preparation and the interest for the employees. The above mentioned factors safeguard the right function and the employees’ engagement.

The purchasing bank regards itself as a superior and tries to impose its rules. Most mergers suffer in performance because of the mismatch of the different corporate cultures. A rapid integration of all the employees has to occur, something that is quite difficult because each employee has to modify the way he/she works. One of the most significant reasons that result in M&As is the reduction of the operational cost. The number of employees is therefore reduced. Regarding the board of directors, it includes members of both parties but the purchasing bank places its directors in high managerial positions. Additionally, the respondent thinks that both mission and vision statements should merge and inspire all the employees.

The second part includes more personal questions. The respondent was employed in 1990 in Ergobank as an Imports’ service officer. The managerial policy was interested in satisfying the employees and the customers. Ergobank was characterized by a flawless function and it was a role model for many banks. The respondent described the acquisition procedure and believed that the goal was to acquire Ergobank since it had loyal customers and experienced employees. Furthermore, the new managerial policy had a totally different philosophy. It had more centralized structure, impersonal relationship with the clientele. The number of the employees started to reduce gradually since many employees were proposed to leave the bank ‘voluntarily’. EFG Eurobank Ergasias S.A provided constant training to the employees; rules were imposed by the upper level management and all the employees had to obey. The employees were initially very confused and frustrated. The collaboration, communication and trust among the employees were gradually improved. The respondent truly believes that it did have an impact on the bank’s performance. The employees were dissatisfied and did not want to participate in the new projects that were so pressing and time constraining. He considered the Acquisition as a threat to his job and adds that there were no privileges at all. On the contrary, many privileges were removed. Regarding the board of directors, Xenophon Nickitas coming from Ergobank remained as a Chairman in the board of directors but the CEO of the bank was Nicholas Nanopoulos from Eurobank. There were new additions because of intense competition. The bank’s structure changed notably and the integration was slower than the anticipated one. The majority of the clients were not pleased with the new Acquisition since the new impersonal relationship
did not satisfy them at all. Viewed from the shareholder’s perspective, it was a successful Acquisition because it created a large bank with experienced personnel.

Lastly, the respondent believes that the phenomenon M&As in Greece will be intensified and in the foreseeable future, since 3-4 major banks will remain in the market. Today’s Greek financial system provides the appropriate conditions for M&As to occur.

**Interviewee 7: Ergobank Acquisition: (Please see the Appendix 4, Interview 7)**

The respondent is male, 45 years old and is a Branch Manager in Thessaloniki.

To begin with the first part of the questionnaire, the respondent believes that the most significant factors that contribute to a successful merger activity are the stability and the employee’s assurance. The purchasing bank regards itself as a superior since it takes all the decisions. Problems in performance may arise due to the diversification in corporate cultures. The main point is to adapt to the new conditions as soon as possible. M&As lead to a remarkable reduction in the number of employees and there are many discriminations. When two groups merge, the board of directors is usually merged as well. When two banks merge, they should merge their mission and vision statement.

The second part includes more personal questions. The respondent was employed in 1993 in Ergobank as an Import’s service officer. Ergobank was a conservative bank. Each branch had a wide autonomy and it was a wholesale bank whereas Eurobank was a retail bank. As regards to the employees, they had good salaries, privileges and shares. After the Acquisition, the policy shifted since it had a centralized structure and impersonal relations with the customers. The respondent states that it was a hostile takeover interested in acquiring a wide network of branches and experienced employees. The number of the employees started to reduce gradually; rules were imposed by the upper level management and all the employees had to obey. The employees were initially very confused and frustrated. The collaboration, communication and trust among the employees were gradually improved. It did have an impact on the bank’s performance. The respondent did not consider the Acquisition as a threat to his job and adds that there were no privileges at all. On the contrary, many privileges were removed. Regarding the board of directors, there were new additions
from the competition. The bank’s structure changed and the majority of the clients were not pleased by the new Acquisition.

Lastly, the respondent believes that the phenomenon of M&As in Greece will continue. Today’s Greek financial system provides the appropriate conditions for M&As to occur.

*Interviewee 8: Ergobank Acquisition: (Please see the Appendix 4, Interview 8)*

The respondent is male, 54 years old and is a Branch Manager in Thessaloniki.

Regarding the first part of the questionnaire, the respondent believes that the right preparation and the interest for the employees are the most important factors that contribute to a successful merger. The purchasing bank undoubtedly regards itself as a superior. The respondent thinks that many problems in performance arose in the past but not nowadays. The majority of banks is updated and applies the same strategy. M&As lead to a remarkable reduction in the number of employees and there are discriminations. As regards to the board of directors, the purchasing bank imposes its directors. Executives from the acquiring bank are reduced and finally eliminated. Also, the mission and vision statements should merge.

Regarding the second part of the questionnaire, it includes more personal questions. The respondent was employed in 1982 as an Import’s service officer. The pre Acquisition policy was customer driven. After the Acquisition, the policy shifted and became more centralized. The Acquisition process was a rapid one. The respondent is of the opinion that the employees’ number changed and that the new board of directors included executives from Ergobank. Furthermore, the bank’s structure changed and the integration was very slow. The employees were very cautious and confused and he considered the Acquisition as a threat to his job. The Acquisition had a positive impact on the bank’s performance and a negative impact on the customers’ reaction.

Finally, the phenomenon of M&As in Greece will continue. Today’s Greek financial system provides the appropriate conditions for M&As to occur and there is always room for improvement.
Interviewee 9: Former employee of Eurobank: (Please see the Appendix 4, Interview 9)

The respondent is female, 37 years old and is a Personal Banking Officer in Thessaloniki.

Beginning with the first part of the questionnaire, the respondent believes that the employees’ preparation for the upcoming merger/acquisition is the most important factor. The purchasing bank does not regard itself as a superior. Also problems regarding the performance arise because of the mismatch of different corporate cultures. M&As do not lead to a remarkable reduction in the number of employees. The board’s structure and composition depend on the pre merger/acquisition deal. According to the respondent, banks should merge their mission and vision statements.

The second part includes more personal questions. The respondent was employed in 1998 in EFG Eurobank as a teller. The managerial policy was aggressive and focused on sales, on maximizing cross selling index. The number of employees remained the same and that the bank provided assimilation processes. The employees were suspicious and due to the age difference there was a generation gap; the respondent did not consider the acquisitions as a threat to her job. The bank’s structure remained the same since she was on the purchasing bank’s side. The Acquisition had a positive impact on bank’s performance. It gained an increased market share; it increased its existing network and capitalized on the clientele of the acquired banks. Additionally, it had a positive impact on the customers’ reaction. Customers witnessed a brand new, more developed bank.

The respondent concludes that that the phenomenon of M&As in Greece will continue. Today’s Greek financial system provides the appropriate conditions for M&As to occur and there is always room for improvement.

Marfin Egnatia Bank S.A:

Regarding Marfin Egnatia Ban, five interviewees accepted to be interviewed. Three of them are employees that work in a branch (two in Pieria and one in Athens) while two of them work in the administration services of the bank (one in Thessaloniki and one in Athens). Moreover, two of the respondents came from Egnatia Bank and one came from
Laiki Bank. The above mentioned banks are two of the three banks merged with Marfin Bank. The rest two interviewees came from the competition to cover positions in the new, expanded bank. Before the merger, Marfin Bank operated more in financial banking and not in consumer banking. Thus, it was difficult to find a respondent who previously worked in Marfin Bank.

*Interviewee 1: Marfin –Egnatia – Laiki Bank Merger (Please see the Appendix 4, interview 10)*

The respondent is male, 32 years old and is a Mortgage Loan consultant in Pieria.

Beginning with the first part of the questionnaire, the respondent believes that the economic growth and improvement of the existing activities of the former banks are the most significant factors that contribute to a successful merger activity. The culture plays an important role in the identification of the new “corporate identity” of the new group in order to avoid problems in performance during the merger. The purchasing bank does not consider itself as a superior because it is a business transaction (a procedure without feelings). Because of the nature of the transaction, the new group may not absorb all the former staff, if the acquired bank was not so “healthy”. As far as the new board of directors is concerned, his opinion was that the majority of the new members are already appointed by pre-contract deals. Of course the largest bank places its own directors in the board in order to control it. Also, the respondent says that the post-merger mission and vision statements should be aligned with the individual pre-merger ones.

The second part includes more personal questions. The respondent was employed as a Mortgage Loan consultant in Marfin Egnatia Bank, coming from the competitive EFG Eurobank Ergasias SA.

According to his experience, the old and the new managerial policy of the bank coincided and intended to grow the bank in the Greek banking sector by rendering it more familiar to the customers. Some conflicts arose but only among the employees, whose duties completely changed compared to their previous ones. In a more general perspective, the respondent said that the merger did not cause important problems to the staff. The above mentioned employees ‘attitude led to the success of the merger. The
existing customers felt more confident for their bank and new customers were attracted because of the increasing familiarity of the new bank.

Regarding the third part of the questionnaire, the respondent believes that the phenomenon will continue due to the existing economic crisis. The new groups will be stronger to face the bankruptcy threat. The Greek financial system provides the appropriate managerial background in order to face the merger phenomenon. Nevertheless, conflicts will always occur among the employees, managers and shareholders but this is normal because of the business nature of the phenomenon.

**Interviewee 2: Marfin – Egnatia – Laiki Bank Merger (Please see the Appendix 4, Interview 11)**

The respondent is male, 30 years old and is a Investment Consultant in Pieria.

Regarding the first part of the questionnaire, the respondent believes that the greatest success factor is the structure of the new corporation through which economies of scale, united corporate profile of the merged companies and total agreement for the new expectations and goals are raised. The culture is not very important for a successful merger because in the case of conflicts, the new company overcomes this problem within a small period of time. The larger bank does not always regard itself superior and this depends on which way the merger occurs (‘hostile merger, defensive merger etc.). After the merger, the working positions are reduced to an extent due to the fact that the number of employees from the previous banks is higher than the needed one. As far as the number of people in the board of directors is concerned, it depends on the pre-contract negotiations. The directors from the previous banks that do not take part in the new board are often rewarded with premium shares of the company and usually come from the smallest companies. It is obvious that the vision and mission statement should be completely the same with the previous individual ones in order for it to be successful.

In the second part of the interview, the respondent mentioned that the management policy was the same in the pre- and post- merger situation. Increase in the activities, customers, market share, in the funding sector were witnessed. Also the profit increase was the same for the three merged banks though it was approached in a different way.
The merger lasted for almost a year with the absorption of Marfin Bank and Laiki Bank from Egnatia Bank. The short term goal was to become the 5th bank in the Greek Banking system. The number of the employees remained the same (around 2400 people). The merger resulted in merging the activities and the banks’ operating systems. Initially many employees did not trust their colleagues coming from the other two banks. Differences in productivity in every bank created some special, informal groups within the new bank. Three years after the merger, the situation has improved significantly due to the successful management policy in the bank. In Marfin Egnatia Bank merger the number of the employees did not decrease. Generally speaking, in mergers, the threat of losing the job always exists because the managers take into account the number of employees they need, their productivity and their salary cost for the bank. But this phenomenon is also affected by the economic environment. If the merger of Marfin Egnatia Bank took place today, probably the employees’ number would have been reduced drastically because of the economic crisis. Some members of the board of directors were transferred to competitive banks whereas some executives came from competitive banks. This led to changes in the structure of the bank. These changes in the structure might have occurred with the absence of banking merger scenarios because of the competition’s nature and the general economic environment. The merger of Marfin Egnatia Bank was successful because the new bank achieved its short term goals. Unfortunately the recent economic environment does not leave any area for further improvement in the group.

Finally, the M&As phenomenon will continue within the next period. Eighteen banks exist in the Greek context which is a big number compared to the size of the country. The Greek financial system provides the appropriate conditions for the phenomenon to be enhanced because of the market’s globalization. Finally, the respondent cannot claim that there is a gap in management, but the shareholders’ selfish nature makes them strict negotiators. Nevertheless, the global M&As trend oblige them to be more negotiable.

Interviewee 3: Marfin –Egnatia – Laiki Bank Merger (Please see the Appendix 4, interview 12)

The respondent is male, 33 years old and is a Head Manager in a branch in Athens.
Beginning with the first part of the questionnaire, the respondent mentions that the structure, on which the new bank is based, is the most important factor of a successful merger. An efficient structure allows the new corporation to grow by avoiding conflicts and problems that may arise because of the differences in the culture. The culture is not so important by itself. Most of the times, the purchasing bank has the power to “pursue” the acquired banks in an informal way to agree on the appointment of the biggest number of its directors in the new board. Moreover, the new mission and vision statement has to take into consideration the alignment of the expectations with the pre-merger mission and vision statements.

Moreover, due to the fact that the respondent previously worked in Egnatia Bank (one of the three merged banks), he claimed that the pre- and post- merger management policy was different. In Egnatia Bank the management policy was more lenient than the new one without many differences in the way it was applied. The merger was completed after a year and the main reason for this were the small differences in the management policies and the structure of the previous banks. The new managerial policy was strict with higher expectations. Increase in customers, in funding in retail and small business banking, in the market share were the most noteworthy factors .After the merger, the employees’ number remained the same; this created trust and safety among them and motivated them to work hard for the new goals. Despite the fact that conflicts occurred (common phenomenon in every field), the new bank's policy helped towards positive co-operation As a result, both existing and new customers became more trustful to the new group because of its increasing reputation. All the above mentioned led to a successful merger because the bank fulfilled its short term goals.

Lastly, the respondent believes that the M&As phenomenon will continue in the Greek sector in order for the Greek banks to be more competitive in the global financial markets. The Greek financial system has the characteristics to assist the M&As, despite the economic crisis.

*Interviewee 4: Marfin –Egnatia – Laiki Bank Merger (Please see the Appendix 4, interview 13)*

The respondent is male, 48 years old and is a regional manager in North Greece.
In the first part of the interview, the respondent claims that the success factor of a merger is to find the right team players from the financial market. A good team player is the one who endorses your culture, goals, expectations and management policies. The mismatch in culture is an important problem, but not the one that might ruin the merger. The transactions between banks for a merger are so strict that even the purchasing bank cannot regard itself superior. The purchasing bank can show its superiority by electing the majority of the directors from its side only in case of new directors’ board. The new board of directors usually has participation’s analogy from each bank in the merger according to the “size”. It is obvious that the new mission and vision statement should be merged to safeguard the success.

The second part includes more personal questions. He was the head manager in Egnatia Bank’s branch in Thessaloniki and after the merger he became a regional manager in the new group. The respondent claimed that the new management policy did not change in terms of management but in terms of severity. The group became larger; the need to increase the market share, the popularity, the customers’ number and to expand the bank in general (opening new branches) was the principal policy that made the management strict. The employees’ number of all the three banks remained the same. Moreover, new employees came from competitive banks in order to cover the new working positions. Their training was not so rough since all the merged banks used common operational and technological systems; the cost in terms of money and time for the bank was limited. Additionally, this not only contributed to better communication, trust and cooperation among the employees of all the three merged banks, but also to high performance levels one year after the merger. The post merger structure changed to serve the big number of employees. It was a more vertically integrated system that allowed the management within the organization to be applied efficiently. As a result, the existing customers became more confident for their bank and new ones were attracted from the competition.

Concluding with the third part, the respondent claimed that M&As have just started in Greece and will continue in the foreseeable future to large extent. The economic crisis is the only reason for the Greek Banks to enlarge through mergers in order to compete in the new globalized environment. The Greek financial system provides the conditions for mergers to be successful but the managerial side of the phenomenon should be taken
seriously into consideration in order to minimize conflicts among the managers, employees and shareholders.

*Interviewee 5: Marfin –Egnatia – Laiki Bank Merger (Please see the Appendix 4, interview 14)*

The respondent is a female, 37 years old and is HR manager (employees’ trainer)

Regarding the first part of the questionnaire, the respondent believes that the key success factor in a merger is to match the different cultures of the merged banks so as to create a new corporate identity profile. Mismatch in corporate cultures plays an important role in the staff’s co-operation and might cause conflicts. Mergers and acquisitions usually include reduction in the excessive staff in order to minimize the operational costs. The mission and the vision statements have to be accepted by the merged companies because they will be the motivation and the guideline to achieve the goals.

In the second part of the interview, the respondent describes the pre- and post- merger management policy as having almost the same way of application in both periods. Increasing profits, customers, popularity and familiarity of the bank to gain bigger market share are the main axes on which management policies were applied. The only difference is to the policies related to staff’s training, based primarily on the continuous education. The employees of Laiki Bank maintained their duties and were assigned new ones so as to broaden the banks’ activities. Since common operational and technological systems from all the merged banks were used, the new HR department had to focus on the employees’ future training. All employees felt confident and safe in their positions. An environment of trust and co-operation was built that led to high performance levels. Operating costs were reduced not by downsizing staff, but by managing the existing staff and facilities effectively. Post merger structure has not changed because the merged banks had almost the same structure to a small extent.

Finally, the respondent believes that the M&A phenomenon will continue in the future due to the existence of too many banks (18). With regard to the managerial side of the phenomenon in Greece, there are gaps that are not so obvious. Nevertheless, executives’ current education level in management can help in covering these gaps.
Financial performance

Additionally, and in order to increase the validity of our results, the dissertation aimed at comparing the actual data (ratios) and the perceptual data (interviewees’ perspective) as far as the M&A’s impact on banks’ performance is concerned in order to verify whether respondents’ perceptions aligned with the banks’ financial performance.

To begin with, we focused on the following ratios which are significant indicators of banks’ performance: Net Interest Margin, Return on Average Equity (ROAE), Earnings Per Share, Book Value Per Share, Price Earnings Ratio, Price Book Value Ratio and Market Price (http://bankscope.bvdep.com). According to Banskope, ratios for both EFG Eurobank Ergasias SA and Marfin Egnatia Bank SA have been available since 2004.

Net Interest Margin is a measure of the difference between the interest income generated by banks and the amount of interest paid to their lenders (Wikipedia). Return on Average Equity (ROAE) is a measure that indicates the company’s profitability. It refers to a company’s performance over a fiscal year (Investopedia). Also, Book Value per Share is somewhat similar to the Earnings per share but it relates the stockholder’s equity to the number of shares outstanding (Investopedia). The Price Earnings Ratio (P/E) relates to the market value of a share to the Earnings per Share (Atrill- Mc Laney, 2008). Price Book Value Ratio (P/B) is used to compare a company’s book value to its current market price. It denotes the portion of the company held by the shareholders (Wikipedia). Market Price is the economic price for which a good or service is offered in the marketplace and indicates market efficiency.

Regarding EFG Eurobank Ergasias SA, ratios that indicate the bank’s performance before the Acquisitions are not available since ratios depict the bank’s performance after 2004. It is obvious from the table below that as time goes by; all indicators (Net Interest Margin, Return on Average Equity (ROAE), Earnings per Share, Book Value per Share, Price Earnings Ratio, Price Book Value Ratio and Market Price) depict an increase in the bank’s performance. Consequently the actual data align with the interviewee’s perception that M&As had a significant impact on the bank’s performance. Undoubtedly, after the Acquisitions, Eurobank Ergasias SA increased its size expanded its network of branches and capitalized on the loyal clientele of the acquired banks. Thus, along with the new, aggressive, sales driven policy, it increased its market share and increased its funds to a substantial extent.
### EFG EUROBANK ERGASIAS SA.

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest Margin</th>
<th>Return on Average Equity (ROAE)</th>
<th>Earnings Per Share</th>
<th>Book Value Per Share</th>
<th>Price Earnings Ratio</th>
<th>Price Book Value Ratio</th>
<th>Market Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>3,64</td>
<td>16,15</td>
<td>1,08</td>
<td>6,72</td>
<td>22,29</td>
<td>3,60</td>
<td>24,18</td>
</tr>
<tr>
<td>2005</td>
<td>3,85</td>
<td>18,07</td>
<td>1,51</td>
<td>10,18</td>
<td>16,93</td>
<td>2,51</td>
<td>25,56</td>
</tr>
<tr>
<td>2006</td>
<td>3,55</td>
<td>17,29</td>
<td>1,82</td>
<td>10,86</td>
<td>17,32</td>
<td>2,90</td>
<td>31,50</td>
</tr>
<tr>
<td>2007</td>
<td>3,59</td>
<td>18,50</td>
<td>2,23</td>
<td>14,41</td>
<td>15,21</td>
<td>2,36</td>
<td>34,00</td>
</tr>
<tr>
<td>2008</td>
<td>3,48</td>
<td>13,56</td>
<td>1,81</td>
<td>12,37</td>
<td>4,44</td>
<td>0,65</td>
<td>8,05</td>
</tr>
<tr>
<td>2009</td>
<td>3,07</td>
<td>5,78</td>
<td>0,85</td>
<td>16,89</td>
<td>13,43</td>
<td>0,67</td>
<td>11,35</td>
</tr>
</tbody>
</table>

Source: Banskope

### MARFIN EGNATIA BANK SA

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest Margin</th>
<th>Return on Average Equity (ROAE)</th>
<th>Earnings Per Share</th>
<th>Book Value Per Share</th>
<th>Price Earnings Ratio</th>
<th>Price Book Value Ratio</th>
<th>Market Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>3,53</td>
<td>4,02</td>
<td>0,15</td>
<td>3,65</td>
<td>27,87</td>
<td>1,12</td>
<td>4,09</td>
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<tr>
<td>2005</td>
<td>3,25</td>
<td>7,99</td>
<td>0,29</td>
<td>3,90</td>
<td>21,80</td>
<td>1,63</td>
<td>6,34</td>
</tr>
<tr>
<td>2006</td>
<td>3,60</td>
<td>14,73</td>
<td>1,11</td>
<td>11,27</td>
<td>10,04</td>
<td>0,99</td>
<td>11,18</td>
</tr>
<tr>
<td>2007</td>
<td>2,53</td>
<td>18,4</td>
<td>0,71</td>
<td>4,13</td>
<td>10,17</td>
<td>1,74</td>
<td>7,17</td>
</tr>
<tr>
<td>2008</td>
<td>2,01</td>
<td>5,30</td>
<td>0,21</td>
<td>3,89</td>
<td>12,82</td>
<td>0,70</td>
<td>2,72</td>
</tr>
<tr>
<td>2009</td>
<td>1,31</td>
<td>0,37</td>
<td>0,02</td>
<td>5,68</td>
<td>146,08</td>
<td>0,45</td>
<td>2,55</td>
</tr>
</tbody>
</table>

Source: Banskope

Furthermore, in Marfin Egnatia Bank SA, ratios indicate the bank’s performance after 2004. In 2006, the Greek Marfin Financial Group acquired HSBC's shares in Laiki Bank, establishing a strong minority share position. Subsequently, the Marfin Group through more acquisitions managed to take control of Laiki Bank, which was re-
branded as Marfin Popular Bank Greece; the Marfin Group consolidated Egnatia, Laiki and Marfin to form Marfin Egnatia Bank, which is the 95%-owned Greek subsidiary of Marfin Popular Bank. (Wikipedia). It is obvious from the table above that all the performance ratios depict an increase in the bank’s performance.

5. Discussion of Findings

EFG Eurobank Ergasias SA

To begin with the first part of the questionnaire, as far as EFG Eurobank Ergasias SA is concerned, it demonstrates that the majority of the respondents who experienced the Cretabank, Bank of Athens and Ergobank Acquisition believe that equal opportunities, interest in the employees’ and the staff’s preparation are among the most significant factors that contribute to a successful merger activity. They agree that most mergers suffer in performance because of the mismatch with regard to the corporate culture. Also, they are of the opinion that the purchasing bank always regards itself as superior and that M&As lead to a remarkable reduction in the number of employees and to several discriminations especially among the employees. Furthermore, regarding the board of directors, the majority of the interviewees responded that a new board is composed, in which executives of the merged/acquired bank also participate. Of course the board’s composition and structure depend on the pre merger and Acquisition. All the respondents highlighted that in a case during which a large company takes over a smaller one, the number of the seats of the board is reduced. Next, according to their opinion, when two banks merge they should definitely merge their mission and vision statements as well. Both mission and vision should be coherent, clearly stated and consistent. They should guide, inspire and thus engage all employees.

When it comes to the more personalized questions of the second part, all employees were employed during 1980s and 1990s. Regarding the pre Acquisition managerial policy, eight out of the nine respondents answered that it aimed at strengthening interpersonal relations with the customers and enhancing the clientele and the network. All the respondents that experienced the Ergobank Acquisition agreed that the managerial policy was customer driven. That is the basic reason why Ergobank had
such loyal customers. The bank was a wholesale bank with a wide autonomy in its branches. Furthermore, all the interviewees responded that the managerial policy after the Acquisition became very strict, aggressive and sales driven since the objective was to maximize the cross selling index. The interviewees who viewed the Cretabank Acquisition agree that the number of the employees remained the same since all the employees did not have an alternative option and they were forced to sign the contracts. The bank provided assimilation processes in order to integrate all the employees that experienced the Acquisitions with fear and suspicion. They also stressed the fact that there were no privileges at all. The new board of directors did not include executives from the purchased bank since Cretabank was for a long period of time under the supervision of the Greek State. The bank’s structure changed immediately and the customers’ reaction was rather negative. Neither of them could answer whether it was a successful acquisition but definitely agree it was necessary, since there was no board to negotiate the employees’ rights. Thus, employees were obliged to participate in the new structure of the bank. On the other hand, the respondents that experienced the Ergobank Acquisition conclude that the structure of the bank completely changed. The number of the employees initially remained the same but after a period of time started to reduce. Many employees were proposed to leave the bank voluntarily while others left and went to Probank. There were no assimilation processes although the bank provided training seminars. The employees were very suspicious, afraid of losing their job. As far as the board of directors is concerned, the board included executives coming from Ergobank and there were many additions from the competition. All of them truly believe that it was a successful Acquisition. Nevertheless the customers were dissatisfied since the new policy and structure did not please them at all.

Regarding the third part of the questionnaire, all respondents agreed that the phenomenon of M&As in Greece will continue and that the current Greek financial system provides the appropriate conditions for M&As to occur. Few of them concluded that there is a gap regarding the managerial side of M&As in Greek cases and they consider the employees’ right preparation for the upcoming M&A significant in order to avoid potential conflicts among employees, managers and shareholders.

Overall, it is observed that the majority of the respondents regarded the Acquisition as a negative experience, with a negative impact on employees, board of directors and customers. Rules and regulations were imposed from the upper level management. The
labor union negotiated the employees’ rights to a large extent regarding the Ergobank Acquisition in contrast to the employees coming from Cretabank who were forced to participate in the new composition. On the other hand, the interviewee that was on the purchasing bank’s side, considered the above mentioned Acquisition as a positive one. According to her experience, the bank tried to assimilate all the employees, and collaboration and trust among the employees were gradually developed.

Marfin Egnatia Bank

The Marfin Egnatia Bank merger occurred at the same period for all the three merged banks (Egnatia Bank, Laiki Bank, Marfin Bank). Thus, the interviews’ outcomes had many common characteristics. The only differences regarded employees’ diversified job position. Their point of view was almost the same as far as the new environment was concerned.

Regarding the first part, almost all respondents consider the new structure of a merged group to be the most important success factor. It is a factor that affects many issues that may cause problems. Despite the fact that the mismatch in culture issues may cause serious problems, it was considered to be part of the structure issues that can be fixed and resolved in combination with other management issues. The majority of the respondents regard a merger as a great business transaction. The purchasing bank does not regard itself as superior to smaller ones. The board of directors was assigned with deals and contracts before the merger, with the biggest company having the majority of the directors in the new board. Also, there was a holistic agreement that the new mission and vision statements should be merged with the former ones in correlation with the new expectations and goals.

In the second part, it is observed that the managerial policy in terms of goals and expectations did not change in the pre- and post- merger cases. The only changes that occurred were on the severity degree. In both pre- and post- merger period, the growth in economy, increase in the number of customers and market share as well as expansion of the popularity and familiarity of the bank are the primary goals. Regarding the number of employees, all the respondents claimed that there was not a workforce reduction. On the contrary, they claimed that new colleagues from competitive banks were employed to assist the expansion of the new group. This resulted in the group’s higher performance. The employees’ feeling of safe working conditions led to good co-
operation and trust among them. The new board of directors was agreed before the merger (pre contract deals) with the participation of executives from all the merged banks. Of course adequate positions for all the previous directors in the new board did not exist. Consequently, the ones that left were compensated with premium shares. Moreover, the new bank’s structure changed only in size since the merged banks maintained the form of their existing composition. As a result, the existing customers appeared to be more confident for their bank. Thus, the bank became more familiar and popular, something that attracted many new customers. All the interviewees had the sense of participating in a successful merger activity by presenting the achievement of the short term goals.

As far as the predictions for future mergers are concerned, all respondents truly believe that the M&As will continue to expand in the future. Rumors about various offers exist inside the “Greek banking society”, as it was stated by almost all of the respondents that verify their opinion for new mergers. The banks need to gain more market share by acquiring the market share of a competitive bank through a merger or acquisition. To sum up, M&As are the only way for Greek banks to be more competitive and reliable in the foreign markets. The existing management policies are good enough though there is always room for improvement. Conflicts regarding the managers, employees and shareholders will always arise because of the need for differentiation. The gap in management for the Greek banking sector concerns the selfish nature of Greek managers and shareholders who refuse to see the M&A phenomenon from a long-term point of view.

Overall, the findings of the study are undoubtedly important and unique since none of the previous studies referred to the case study of EFG Eurobank Ergasias SA and Marfin Egnatia Bank. In addition none of the previous studies considered the organization members’ perspective for M&As in the Greek banking sector.

6. Theoretical and Managerial Implications

Overall, the findings of the study are undoubtedly important and unique since none of the previous studies has referred to the case study of EFG Eurobank Ergasias SA and
Marfin Egnatia Bank. In addition none of the previous studies has considered the organization members’ perspective with regard to M&AS in the Greek banking sector.

In terms of theoretical implications, this study fills the important literature gap since there is a scarcity of papers conducting a survey for the Greek banking sector. It analyses the phenomenon of M&As that occurred in two of the largest banks in the Greek context. Also, it is among the first studies to emphasize the managerial and strategic aspects of M&As besides using financial ratios as the majority of past studies have done. With regard to the managerial perspective of the phenomenon, the study enhances already existing literature regarding the M&As phenomenon. Furthermore, it takes organization members’ perspective into consideration and completes Mylonaki’s (2004) study, which has highlighted the banks’ impact on staff employment. Also, it drew upon Athanassoglou and Brissimi’s (2004) study and analyses Greek banks’ impact on performance. Moreover, this research expands Katsikeas academic notes (2010) regarding the formation process in M&As. According to the notes, the strategic and the cultural fit are significant factors for a successful M&A.

When it comes to the managerial implications of the study, the latter provides insight as more effective ways for firms that are involved in an M&A process, pointing out the factors to which firms, managers and shareholders should pay attention. These refer to the need for the creation of a culture that would support such a movement and help organization members to be engaged in the post M&A function of the organization. Most M&As fail because of cultural incompatibility. Thus, the culture between the merged companies must be relatively compatible. Additionally, the need for the appropriate preparation and the constant training of organizational members is issues of major concern. Appropriate leadership, a “participative” management style and support from top management could perhaps be a way to achieve this smooth integration. In addition, the study aids management to make more appropriate resource allocation investment decisions after the M&A. Also, it demonstrates the deficiencies in management practices that banks should avoid when they are involved in M&As and signifies the need to focus on key areas like training, culture and right preparation.
7. Limitations and Future Research Directions

The outcomes of the study cannot be generalizable. This study has focused on organization members’ perspective with regard to M&As that occurred in two of the largest banks in a particular context—the Greek one—and thus there are several limitations that arise as a result, in addition to the limited sample size that could be obtained. In addition, the study attempts to examine a phenomenon within a particular time. A more longitudinal in nature analysis would undoubtedly reveal far more accurate results. Consequently, this study can be used as a guide for future research directions. The study could be expanded and benefited by interviews with more individuals from these two banks and compare results with interviews from other banks’ respondents as well, and consider different contexts. In addition, although our findings have drawn on a particular sector, banking, research can focus on whether they could have application in organizations of other sectors as well.

8. Conclusion

Overall, our results demonstrated that the phenomenon of M&As in Greece will continue in the foreseeable future. Nowadays, the Greek financial system provides the conditions and enhances the possibilities of a successful merger activity. Judging from the M&As’ outcomes, they have proved quite significant with regard to the managerial perspective. Nevertheless, they cannot be compared to the degree of success that foreign banks have achieved worldwide. The existing deficiencies signify the need to focus on key areas, like the appropriate preparation of the bank as a whole for the upcoming M&A, employees’ continuous training and their smooth integration in the new conditions that will exist after the M&As. A successful implication of all the factors mentioned above may lead to better co-operation among employees, the creation of a culture that might foster the conditions leading to better communication among the involved parts, elimination of conflicts between managers, employees and shareholders and thus to more successful ways of operation after an M&A occurs.
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http://en.wikipedia.org/wiki/Marfin_Investment_Group
### Appendix 1: M&As in the USA Context

<table>
<thead>
<tr>
<th>Year Merger closed</th>
<th>Acquirer</th>
<th>Acquired bank</th>
<th>Name of merged entity</th>
<th>Transaction Value</th>
<th>Ultimate Successor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>Chase National Bank</td>
<td>Equitable Trust Co. of NY</td>
<td>Chase National Bank</td>
<td></td>
<td>JPMorgan Chase &amp; Co.</td>
</tr>
<tr>
<td>1948</td>
<td>Chemical Bank &amp; Trust Co.</td>
<td>Continental Bank &amp; Trust Co. of NY</td>
<td>Chemical Bank &amp; Trust Co.</td>
<td></td>
<td>JPMorgan Chase &amp; Co.</td>
</tr>
<tr>
<td>1951</td>
<td>Chemical Bank &amp; Trust Co.</td>
<td>National Safety Bank &amp; Trust Co. of NY</td>
<td>Chemical Bank &amp; Trust Co.</td>
<td></td>
<td>JPMorgan Chase &amp; Co.</td>
</tr>
<tr>
<td>1955</td>
<td>Bankers Trust</td>
<td>Public National Bank &amp; Trust Co.</td>
<td>Bankers Trust</td>
<td></td>
<td>Deutsche Bank</td>
</tr>
<tr>
<td>1956</td>
<td>C&amp;S of South Carolina</td>
<td>Growers Bank and Trust</td>
<td>C&amp;S of South Carolina</td>
<td></td>
<td>Bank of America</td>
</tr>
<tr>
<td>1957</td>
<td>Commercial National Bank</td>
<td>American Trust Co.</td>
<td>American Commercial Bank</td>
<td></td>
<td>Bank of America</td>
</tr>
<tr>
<td>Year</td>
<td>Bank 1</td>
<td>Bank 2</td>
<td>Bank 3</td>
<td>Bank 4</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>----------------------------</td>
<td>---------------------------------------------</td>
<td>----------------------------</td>
<td>----------------------------</td>
<td></td>
</tr>
<tr>
<td>1957</td>
<td>Chase Manhattan Bank</td>
<td>Staten Island National Bank &amp; Trust Co. of NY</td>
<td>Chase Manhattan Bank</td>
<td>JPMorgan Chase &amp; Co.</td>
<td></td>
</tr>
<tr>
<td>1959</td>
<td>Chase Manhattan Bank</td>
<td>Clinton Trust Company</td>
<td>Chase Manhattan Bank</td>
<td>JPMorgan Chase &amp; Co.</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Acquiring Bank Corp.</td>
<td>Acquired Bank</td>
<td>Description</td>
<td>Acquired Bank Corp.</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>----------------------</td>
<td>---------------</td>
<td>-------------</td>
<td>---------------------</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>BankAmerica Corp.</td>
<td>Seafirst Bank</td>
<td>BankAmerica Corp. (Seafirst banks operated as Seafirst until 1998)</td>
<td>Bank of America</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>Chase Manhattan Corporation</td>
<td>Lincoln First Bank</td>
<td>Chase Manhattan Corporation (Chase Lincoln First until 1993)</td>
<td>JPMorgan Chase &amp; Co.</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>Bank of Boston Corp.</td>
<td>Rhode Island Hospital Trust National Bank</td>
<td>Bank of Boston Corp.</td>
<td>Bank of America</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>Citizens and Southern Georgia Corporation</td>
<td>Citizens and Southern National Bank of South Carolina</td>
<td>Citizens &amp; Southern National Bank</td>
<td>Bank of America</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>Sovran Financial Corp.</td>
<td>Suburban Bank</td>
<td>Sovran Financial Corp.</td>
<td>Bank of America</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>Wells Fargo Corp.</td>
<td>Crocker National Bank</td>
<td>Wells Fargo Corp. (combined California bank uses Crocker's charter)</td>
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<td></td>
</tr>
<tr>
<td>Year</td>
<td>Acquiring Bank</td>
<td>Target Bank</td>
<td>Description</td>
<td>Deal Value</td>
<td>Selling Bank</td>
</tr>
<tr>
<td>------</td>
<td>---------------</td>
<td>-------------</td>
<td>-------------</td>
<td>------------</td>
<td>--------------</td>
</tr>
<tr>
<td>1987</td>
<td>Chemical New York Corp.</td>
<td>Texas Commerce Bank</td>
<td>Chemical Banking Corporation (TX banks continued to operate as Texas Commerce)</td>
<td>$1.2 Billion</td>
<td>JPMorgan Chase &amp; Co.</td>
</tr>
<tr>
<td>1987</td>
<td>The Fidelity Bank (Fidelcor)</td>
<td>First Fidelity Bank</td>
<td>First Fidelity Bank</td>
<td>$1.34 Billion - largest ever at the time</td>
<td>Wells Fargo</td>
</tr>
<tr>
<td>1987</td>
<td>Republic Bank Corp.</td>
<td>Interfirst Corp.</td>
<td>First Republic Bank Corp.</td>
<td></td>
<td>Bank of America</td>
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<tr>
<td>1987</td>
<td>First Union Corp.</td>
<td>Atlantic National Bank of Florida</td>
<td>First Union</td>
<td></td>
<td>Wells Fargo</td>
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<tr>
<td>1988</td>
<td>Shawmut Corp.</td>
<td>Hartford National Corp.</td>
<td>Shawmut National Corp.</td>
<td></td>
<td>Bank of America</td>
</tr>
<tr>
<td>Year</td>
<td>Acquirer Corp.</td>
<td>Acquirer Bank</td>
<td>Lender Corp.</td>
<td>Lender Bank</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>------------------------------------</td>
<td>--------------------------</td>
<td>-------------------------------------</td>
<td>---------------------------</td>
<td></td>
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<tr>
<td>1988</td>
<td>Shawmut Corp.</td>
<td>Arlington Trust Co.</td>
<td>Shawmut National Corp.</td>
<td>Bank of America</td>
<td></td>
</tr>
<tr>
<td></td>
<td>First Bank System, Inc.</td>
<td>Central Bank of Denver</td>
<td>First Bank System, Inc. (Colo. banks never became First Bank due to name conflict)</td>
<td>U.S. Bancorp</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>Wells Fargo Corp.</td>
<td>Barclays Bank of California, a subsidiary of Barclays plc</td>
<td>Wells Fargo Corp.</td>
<td>Wells Fargo</td>
<td></td>
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<tr>
<td>1988</td>
<td>Credit Suisse</td>
<td>The First Boston Corporation</td>
<td>CS First Boston (later Credit Suisse First Boston)</td>
<td>Credit Suisse</td>
<td></td>
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<tr>
<td>1989</td>
<td>Boatmen's Bancshares</td>
<td>Centre Bank</td>
<td>Boatmen's Bancshares</td>
<td>Bank of America</td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>Union Planter Bank</td>
<td>Magna Bank (Missouri)</td>
<td>Union Planters Bank</td>
<td>Regions Financial</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>CoreStates Financial Corp.</td>
<td>First Pennsylvania Bank</td>
<td>CoreStates Financial Corp.</td>
<td>Wells Fargo</td>
<td></td>
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## Appendix 2: M&As in Greece

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Source: Reuters
Appendix 3: Questionnaire

Part 1

1. In your opinion, what factors contribute to successful merger activity?
2. It is said that most mergers suffer in performance term because of the mismatch of the different corporate cultures. Do you believe that culture clashes cause most mergers problems?
3. Do you believe that the purchasing bank regards itself as a superior?
4. According to your point of view M&As lead to a remarkable reduction in the number of employees? Are there any other types of discrimination?
5. What happens to the board of directors when 2 groups merge?
6. It is generally assumed that all directors will remain as a combination. Of course in a merger between large companies acquiring a smaller one the seats on the board of the acquired bank are eliminated. What do you think?
7. When two banks merge, should they merge their mission and vision statements? How can this happen? What was the case with your bank?

Part 2

8. Please tell me about your career history. When were you employed and in what position?
9. Describe the general managerial policy implemented in your bank during that period?
10. What do you know about the M&A of your bank? Explain briefly, why do you think the merger occurred? What was the main purpose of the project? How soon it occurred? And what was the procedure?
11. Describe the new managerial policy in your bank after the M&A.
12. Was the number of employees the same pre – and post the M&A?
13. Were there any assimilation processes regarding the training during or after the M&A? Were further actions taken before the M&A so as to prepare the organization?
14. How do you believe that the employees have experienced the pre merger and post merger? How their new tasks were assigned, how did their collaboration, communication and trust develop?
15. Did that have an impact on their performance? And generally speaking does the phenomenon of mergers and acquisitions contribute to the performance of the bank?

16. Boards of merged banks often demand reduction to the operating cost of the new groups. This leads to staff reductions. Did you consider the M&A as a threat to your job?

17. Were there any new privileges after the merge for employees?

18. What do you know about the board of directors? Were there executives from pre and post M&A? Were there any new additions from the competition?

19. Do you believe that the structure of the bank has changed after the merge? Many studies analyze the correlation between the post merger integration and success. Did you observe any integration in the banks structure? If yes, was a rapid integration or a slow one?

20. What was the customers’ reaction? Those of who were already customers before M&A and the new ones?

21. According to your opinion was it a successful M&A? Why? Or Why not? Is there something you have to suggest as to the way in which conditions could be improved after the M&A? Something missing or something that could have been done?

**Part 3**

22. Do you believe that the phenomenon of M&As in Greece will continue based on the characteristics of the Greek context?

23. Do you believe that today’s Greek financial system provides the appropriate conditions in order for M&As to occur?

24. Do you believe that there is a gap with regard to the managerial side of M&As in Greek cases? If yes, what has to be done in order to further encourage the phenomenon in Greece and eliminate potential conflicts between employees’ and shareholders'/managers’ varying (at times even conflicting) interests?
Appendix 4: Interviews

Interview 1

EFG EUROBANK ERGASIAS

MALE, 50 YEARS OLD, BRANCH MANAGER, PIERIA

Part 1

1. The most important factors that contribute to a successful merger activity are equal opportunities, interest for the employees and economies of scale.
2. Of course it is true that most mergers suffer in performance because of the mismatch of the different corporate cultures. I believe that the staff should be mixed. Thus, differences in culture, philosophy will be avoided. Of course the purchasing bank usually imposes its philosophy.
3. It depends on the deal between the purchasing bank and the merged/acquired bank but I think that the purchasing bank regards itself as a superior.
4. M&As lead to a remarkable reduction in the number of employees and I believe that there are discriminations.
5. When two groups merge, a new board of directors is composed. Executives of the merged/acquired bank participate in the new board to a small extent.
6. I am of the opinion that in a merger between large companies acquiring a smaller one, the seats on the board of the acquired bank are eliminated.
7. When two banks merge, they should definitely merge their mission and vision statements. The vision and mission should be crystal clear and they should inspire all the employees.

Part 2

8. I was employed in 1985 in Cretabank as a Loan Officer.
9. The managerial policy aimed at enhancing interpersonal relations with the customers and strengthening the customers’ service.
10. Cretabank was acquired in 1998 from Eurobank. Cretabank was supervised from the Greek state during that period because of Koskotas scandal. The purpose of the acquisition was to increase the network of branches and to
have experienced employees. The Acquisition procedure was a rapid one and very soon the integration process started.

11. The new managerial policy was a very aggressive, sale driven and aimed at enhancing the existing clientele.

12. The number of the employees remained the same after the Acquisition and all the employees of Cretabank were forced to sign new contracts.

13. As far as I remember, there were assimilation processes regarding the training so as to achieve the employees’ integration as soon as possible. The integration of course was a very slow procedure.

14. It was a very difficult period and the employees experienced the pre acquisition and post acquisition with fear and frustration. The collaboration, communication and trust among the employees were gradually developed.

15. Of course it did have an impact on bank’s performance. It became one of the largest banks in Greece.

16. I did not consider M&A as a threat to my job. On the contrary, it was an opportunity.

17. There were no privileges for the employees at all.

18. The board of directors did not include members of Cretabank since Cretabank was for a long period of time under supervision from the Greek state.

19. The bank’s structure changed immediately and the objective was to integrate the employees as soon as possible.

20. I think that customers’ reaction was a negative one. They were not pleased at all.

21. I do not know if it was a successful Acquisition. It was a necessary Acquisition because there was no board to negotiate the employees’ rights. The employees were forced to participate in the new structure and they did participate since they did not have an option.

**Part 3**

22. I truly believe that the phenomenon M&As in Greece will continue.

23. Yes I believe that today’s Greek financial system provides the appropriate conditions in order for M&As to occur.
24. There is a gap regarding the managerial side of M&As in Greek cases. I cannot tell if something is missing or if something could have been done to avoid potential conflicts between employees, shareholders and managers.

Interview 2

FEMALE, 42 YEARS OLD, BRANCH MANAGER, PIERIA

Part 1

1. The most important factor that contributes to a successful merger activity is the interest for the employees.
2. Of course it is true that most mergers suffer in performance because of the mismatch of the different corporate cultures.
3. Personally speaking, the purchasing bank regards itself as a superior.
4. M&As lead to a remarkable reduction in the number of employees and I believe that there are discriminations.
5. When two groups merge, a new board of directors is composed.
6. I am of the opinion that in a merger between large companies acquiring a smaller one, the seats on the board of the acquired bank are eliminated.
7. When two banks merge, they should definitely merge their mission and vision statements.

Part 2

8. I was employed in 1991 in Cretabank as a teller.
9. The managerial policy focused on strengthening interpersonal relations with the customers and enhancing the customers’ service.
10. Cretabank was acquired in 1998 from Eurobank. Cretabank was supervised from the Greek state during that period because of Koskotas scandal. The purpose of the acquisition was to increase the network of branches and to have experienced employees. The Acquisition procedure was a rapid one and very soon the integration process started.
11. The new managerial policy was very aggressive and aimed at enhancing the existing clientele through sales.
12. The number of the employees remained the same after the Acquisition and all the employees of Cretabank were forced to sign new contracts.
13. As far as I remember, there were assimilation processes regarding the training so as to achieve the employees’ integration as soon as possible.
14. It was a very difficult period and the employees experienced the pre-acquisition and post acquisition with fear and suspicion. The collaboration, communication and trust among the employees were gradually developed.
15. Of course it did have an impact on bank’s performance. Its funds increased to a substantial extent.
16. Indeed, I considered M&A as a threat to my job.
17. There were no privileges for the employees at all.
18. The board of directors did not include members of Cretabank since Cretabank was for a long period of time under supervision from the Greek state.
19. The bank’s structure changed immediately and the objective was to integrate the employees smoothly.
20. I think that customers’ reaction was a negative one. They were not pleased at all.
21. I do not know if it was a successful Acquisition. To tell the truth, it was a necessary Acquisition because there was no board to negotiate the employees’ rights. The employees were forced to participate in the new structure and they did participate since they did not have an option.

**Part 3**

22. I truly believe that the phenomenon M&As in Greece will continue.
23. Yes I believe that today’s Greek financial system provides the appropriate conditions in order for M&As to occur.
24. There is a gap regarding the managerial side of M&As in Greek cases. I cannot tell if something is missing or if something could have been done to avoid potential conflicts between employees, shareholders and managers.
Interview 3

FEMALE, 37 YEARS OLD, CUSTOMER SERVICE OFFICER, THESSALONIKI

Part 1

1. The most important factors that contribute to a successful merger activity are the employees’ preparation for the upcoming Merger/Acquisition and the reassurance of employees’ rights.
2. I agree with this perspective. The majority of mergers suffer in performance term because of the mismatch of the different corporate cultures.
3. I do not think that the purchasing bank always regards itself as a superior. The purchasing bank’s employees regard themselves as superior.
4. Personally speaking, M&As lead to a remarkable reduction in the number of employees. I do believe that there are discriminations among the employees.
5. The board’s structure and composition depends on the pre merger/acquisition deal.
6. Indeed, when large companies acquire a smaller one, the seats on the board of the acquired bank are reduced.
7. Of course the banks should merge their mission and vision statement when two banks merge.

Part 2

8. I was employed in 1995 in Bank of Athens as a teller.
9. The managerial policy aimed at enhancing the clientele and the existing network.
10. In 1999 EFG Eurobank realized Bank of Athens merger through share exchange. The purpose was to enter the Stocks Exchange.
11. The managerial policy after the Acquisitions was sales driven. It had more centralized structure, impersonal relations with the clientele.
12. The number of the employees changed since many employees were proposed to leave the bank voluntarily.
13. There were assimilation processes regarding training.
14. The employees of former Bank of Athens accepted the new structure and did not oppose to it at all. Of course they experienced it with fear and frustration.
15. Undoubtedly it did have a positive impact on the bank’s performance.
16. I did not consider the Acquisitions as a threat to my job.
17. No, there were no privileges at all.
18. All the former executives of Bank of Athens were replaced.
19. There was a notable modification in the bank’s structure.
20. The customer’s reaction was positive since they observed a new, more developed bank.
21. it was definitely a successful Acquisition.

Part 3

22. Undoubtedly, the M&A phenomenon will be very intense.
23. I believe that the conditions in today’s Greek financial system are the appropriate.
24. There is always room for improvement. What could have been done is to prepare the employees for the upcoming merger/acquisition and the integration.

Interview 4

MALE, 50 YEARS OLD, BRANCH MANAGER, PIERIA

Part 1

1. The most important factors that contribute to a successful merger activity are equal opportunities, interest for the employees and economies of scale.
2. Of course it is true that most mergers suffer in performance because of the mismatch of the different corporate cultures. I believe that the staff should be mixed. Thus, differences in culture, philosophy will be avoided. Of course the purchasing bank usually imposes its philosophy.
3. It depends on the deal between the purchasing bank and the merged/ acquired bank but I think that the purchasing bank regards itself as a superior.
4. M&As lead to a remarkable reduction on the number of employees and I believe that there are discriminations.
5. When two groups merge, a new board of directors is composed. Executives of the merged/acquired bank participate in the new board to a small extent.

6. I am of the opinion that in a merger between large companies acquiring a smaller one, the seats on the board of the acquired bank are eliminated.

7. When two banks merge, they should definitely merge their mission and vision statements. The vision and mission should be crystal clear and they should inspire all the employees.

**Part 2**

8. I was employed in 1985 in Cretabank as a Loan Officer.

9. The managerial policy aimed at enhancing interpersonal relations with the customers and strengthening the customers’ service.

10. Cretabank was acquired in 1998 from Eurobank. Cretabank was supervised from the Greek state during that period because of Koskotas scandal. The purpose of the acquisition was to increase the network of branches and to have experienced employees. The Acquisition procedure was a rapid one and very soon the integration process started.

11. The new managerial policy was a very aggressive, sale driven and aimed at enhancing the existing clientele.

12. The number of the employees remained the same after the Acquisition and all the employees of Cretabank were forced to sign new contracts.

13. As far as I remember, there were assimilation processes regarding the training so as to achieve the employees’ integration as soon as possible. The integration of course was a very slow procedure.

14. It was a very difficult period and the employees experienced the pre acquisition and post acquisition with fear and frustration. The collaboration, communication and trust among the employees were gradually developed.

15. Of course it did have an impact on bank’s performance. It became one of the largest banks in Greece.

16. I did not consider M&A as a threat to my job. On the contrary, it was an opportunity.

17. There were no privileges for the employees at all.

18. The board of directors did not include members of Cretabank since Cretabank was for a long period of time under supervision from the Greek state.
19. The bank’s structure changed immediately and the objective was to integrate the employees as soon as possible.
20. I think that customers’ reaction was a negative one. They were not pleased at all.
21. I do not know if it was a successful Acquisition. It was a necessary Acquisition because there was no board to negotiate the employees’ rights. The employees were forced to participate in the new structure and they did participate since they did not have an option.

Part 3
22. I truly believe that the phenomenon M&As in Greece will continue.
23. Yes I believe that today’s Greek financial system provides the appropriate conditions in order for M&As to occur.
24. There is a gap regarding the managerial side of M&As in Greek cases. I cannot tell if something is missing or if something could have been done to avoid potential conflicts between employees, shareholders and managers.

Interview 5

MALE, 39 YEARS OLD, MORTGAGE LOAN OFFICER, THESSALONIKI

Part 1
1. The most noteworthy factor is the homogenization and the integration of the employees.
2. It is true that most mergers suffer in performance term because of the mismatch of the different corporate cultures and this mismatch may cause problems.
3. Definitely, the purchasing bank regards itself as a superior.
4. In my opinion, M&As lead to a remarkable reduction in the number of employees. Furthermore there are other types of discrimination as well.
5. The board of directors is merged as well.
6. It is true that the seats on the board of the acquired bank are eliminated when large companies acquire a smaller one.
7. When two banks merge, they should merge their mission and vision statements. But what is usually observed is that the purchasing bank imposes its mission and vision.
Part 2

8. I was employed in 1997 in Ergobank as a teller.
9. Ergobank was concentrated on the customer’s service. It did not have budgets and qualitative objectives. The branches had a wide autonomy and all the customers’ applications were approved or rejected by the branch. Ergobank did not hire women until 1996.
10. The Acquisition was announced during the summer period in 2000. The legal merger occurred during the autumn in 2000. Also, the functional merger held in 2002 with a common system (Altamira). Eurobank was so interested in acquiring Ergobank because it had good, loyal customers. Ergobank had a wide network of branches and experienced employees and it was among the 10 banks worldwide with high performance.
11. The new managerial policy focused on an aggressive sales’ policy in order to maximize the cross selling index.
12. The number of the employees was not the same pre and post the Acquisition.
   When Ergobank was first acquired there were 3000 employees coming from Ergobank and now only 1400 of them still remain.
13. There were no assimilation processes at all. Rules were imposed from the upper level management.
14. I believe that the employees experienced the acquisition with fear and suspicion.
   They were afraid of losing their job.
15. I do not think that the Acquisition had a notable impact on the bank’s performance. Maybe what contributed to the bank’s performance to a significant extent was the shift in a more aggressive policy.
16. No, I did not consider the Acquisition process as a threat to my job.
17. There were no privileges at all.
18. Many executives from the pre Acquisition era remained in the board of directors and there were further additions from the competition especially from Piraeus Bank and Macedonia Thrace Bank.
19. The bank’s structure changed notably and there was no integration at all.
20. Personally speaking, Ergobank’s customers were not pleased and consequently left EFG Eurobank Ergasias S.A since the new philosophy did not satisfy them.
21. I do not know.
Part 3

22. The phenomenon M&As in Greece will continue
23. Yes I believe that today’s Greek financial system provides the appropriate conditions in order for M&As to occur.
24. I am of the opinion that there is no gap as far as the managerial side of M&As in Greek cases is concerned.

Interview 6

MALE, 43 YEARS OLD, SMALL BUSINESS BANKING OFFICER., THESSALONIKI

Part 1

1. The right preparation and the interest for the employees are the most important factors that have to be taken into thorough consideration. The above mentioned factors will safeguard the right function and the employees’ engagement.
2. It is true that most mergers suffer in performance term because of the mismatch of the different corporate cultures. A rapid integration of all the employees has to occur, something that is quite difficult because each employee has to modify the way he/she works.
3. The purchasing bank regards itself as a superior and tries to impose its rules.
4. One of the most significant reasons that result in M&As is the reduction in the operational cost. The number of employees is therefore reduced.
5. Usually the board of directors includes members of both parties but the purchasing bank places its directors in high managerial positions.
6. I agree that in a merger between large companies acquiring a smaller one the seats on the board of the acquired bank are eliminated. All the directors cannot remain as a combination.
7. In our case (i.e Ergobank’s Acquisition by Eurobank) the mission and the vision statements were totally contradictory because there was a different philosophy and a different treatment of both employees and customers. As a result many employees coming from Ergobank, left after the Acquisition and the brand new mission and vision did not inspire all the employees. So both mission and vision statements should merge and inspire all the employees.
Part 2

8. I was employed in 1990 in Ergobank as an Imports’ service officer.
9. The managerial policy was interested in satisfying the employees and the customers. Ergobank was characterized by a flawless function and it was a role model for many banks.
10. Since the founder of Ergobank died, many older shareholders took over and were interested in consolidating their shares. The acquisition occurred in 2000. Latsis had the necessary liquidity and took advantage of the circumstances. The offer to shareholders was made through Consolidated Eurofinance Holdings (CEH), the parent of EFG Eurobank. The new entity was renamed to "EFG Eurobank Ergasias S.A. Eurobank was so interested in acquiring Ergobank because it had good, loyal customers on the one hand and experienced employees on the other hand.
11. The new managerial policy had a totally different philosophy. It had more centralized structure, impersonal relation with the clientele. EFG Eurobank Ergasias S.A showed the leader’s arrogance. EFG Eurobank Ergasias S.A was innovative and it used pressure so as to achieve the best outcome.
12. The number of the employees started to reduce gradually since many employees were proposed to leave the bank “voluntarily”. Others were employed to other banks.
13. EFG Eurobank Ergasias S.A provided constant training to the employees; rules were imposed from the upper level management and all the employees had to obey these rules.
14. The employees were initially very confused and frustrated. The collaboration, communication and trust among the employees were gradually improved.
15. Of course it did have an impact on the bank’s performance. The employees were dissatisfied and did not want to participate in the new projects that were so pressing and time constraining.
16. Undoubtedly I considered the Acquisition as a threat to my job.
17. No, there were no privileges at all. On the contrary, many privileges were removed.
18. Xenophon Nickitas coming from Ergobank remained as a Chairman in the board of directors but the CEO of the bank was Nicholas Nanopoulos from Eurobank. There were new additions from the competition.
19. The structure of the bank has changed after the Acquisition and the integration was slower than the anticipated one.
20. The majority of the clients were not pleased by the new Acquisition since the new impersonal relationship did not please them at all.
21. Viewed from the shareholder’s perspective, it was a successful Acquisition because it created a strong bank with experienced personnel and new products for sale.

Part 3

22. It is certain that the M&A phenomenon will be intensified and in the foreseeable future 3-4 major banks will remain in the market.
23. The conditions in today’s Greek financial system are the appropriate and undoubtedly boost the M&As to occur.
24. There is a gap regarding to the managerial side of M&As in Greek cases but I cannot tell what could have been done to avoid potential conflicts.

Interview 7

MALE, 45 YEARS OLD, BRANCH MANAGER.

Part 1

1. Among the most significant factors are the stability and the employees’assurance. Also the focus should be on safeguarding the employees’ rights.
2. Indeed, most mergers suffer in performance term because of the mismatch of the different corporate cultures. The point is to adapt to the new conditions as soon as possible.
3. Of course the purchasing bank regards itself as a superior since the purchasing bank takes all the decisions.
4. M&As lead to a remarkable reduction in the number of employees and there are many discriminations. The purchasing bank regards its employees as superiors.
5. When two groups merge, the board of directors is usually merged as well.
6. I agree with this perspective. When large companies acquire a smaller one, the seats on the board of the acquired bank are eliminated.
7. When two banks merge, they should merge their mission and vision statement. Usually the purchasing bank imposes its mission and vision.

**Part 2**

8. I was employed in 1993 in Ergobank as an Imports’ service officer.
9. Ergobank was a conservative bank. Each branch had a wide autonomy and it was a wholesale bank whereas Eurobank was a retail bank. As regards to the employees, they had good salaries, privileges and shares.
10. To tell the truth it was a hostile takeover. Both Piraeus Bank and Eurobank were interested in acquiring Ergobank. Latsis addressed to the public and announced his intention to increase his shares from 18% to 50.1%. Piraeus Bank withdrew and thus the Latsis-owned EFG Bank Group acquired a 50.1 percent stake in Ergobank following the completion of its offer to the target bank's shareholders. The offer to shareholders was made through Consolidated Eurofinance Holdings (CEH), the parent of EFG Eurobank, which was destined to merge with Ergobank under the terms of the deal. The new entity was renamed to "EFG Eurobank Ergasias S.A. The Acquisition procedure lasted one month and the purpose was to acquire the wide network of branches and the experienced employees.
11. The new managerial policy had a totally different philosophy. It had a more centralized structure, an impersonal relation with the clientele and the objective was to maximize the sales.
12. The number of the employees started to reduce gradually since many employees were proposed to leave the bank ‘voluntarily’. Others were employed to other banks and many former employees left the bank and founded Probank.
13. EFG Eurobank Ergasias S.A provided constant training to the employees; rules were imposed from the upper level management and all the employees had to obey these rules.
14. The employees were very confused. The collaboration, communication and trust among the employees were gradually improved.
15. Undoubtedly, it did have an impact on the bank’s performance.
16. I did not consider the Acquisition as a threat to my job since I was young and did not cost much for the company.
17. No, there were no privileges at all. On the contrary, many privileges were removed.
18. Xenophon Nickitas coming from Ergobank remained as a Chairman in the board of directors as well as Mpimpas; The CEO of the bank was Nicholas Nanopoulos from Eurobank. There were new additions from the competition.
19. The structure of the bank has changed after the Acquisition and the integration was a difficult procedure since many employees coming from Ergobank opposed to the integration and to the new policy.
20. I truly believe that the majority of the clients were not pleased by the new Acquisition since the new impersonal relationship did not please them at all.
21. Undoubtedly it was a successful Acquisition. Eurobank suddenly increased through the Acquisition its branches from 120 to 300

**Part 3**

22. It is certain that the M&A phenomenon will continue.
23. The conditions in today’s Greek financial system are the appropriate ones.
24. I do not know.

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**Interview 8**

**MALE, 54 YEARS OLD, BRANCH MANAGER, THESSALONIKI**

**Part 1**

1. The factors that contribute to a successful merger activity are the right preparation and the interest for the employees.
2. In the past, there were many problems arisen from the mismatch of the different corporate culture. Nowadays I do not think that the diversification in corporate culture cause problems regarding the performance. The majority of banks is updated and applies the same strategy.
3. Certainly, the purchasing bank regards itself as a superior.
4. M&As lead to a remarkable reduction in the number of employees and there are discriminations.

5. When two groups merge, the purchasing bank imposes its directors. Executives from the acquiring bank are reduced and finally eliminated.

6. Personally speaking, in a merger between large companies acquiring a smaller one, the seats on the board of the acquired bank are eliminated.

7. When two banks merge, they should also merge their mission and vision statement.

**Part 2**

8. I was employed in 1982 in Ergobank as an Imports’ service officer.

9. The policy was customer driven. The objective was to serve the customers. Each branch had a wide autonomy. Also Ergobank was a wholesale bank and had many shareholders and none of the shareholders had more than 30%.

10. The Acquisition occurred on the 20th of September in 2000. It was a hostile takeover. The Latsis-owned EFG Bank Group acquired a 50.1 percent stake in Ergobank following the completion of its offer to the target bank’s shareholders. The offer to shareholders was made through Consolidated Eurofinance Holdings (CEH), the parent of EFG Eurobank, which was destined to merge with Ergobank under the terms of the deal. The new entity was renamed to “EFG Eurobank Ergasias S.A”.

   Eurobank was so interested in acquiring Ergobank because it had good, loyal customers. In addition, it already had 136 branches. The Acquisition process was a rapid one.

11. The new managerial policy included centralized structure, impersonal relations with the customers.

12. The number of the employees changed after the Acquisition.

13. There were no assimilation processes but there were many seminars to train all the employees.

14. The employees were very confused and cautious. The collaboration, communication and trust among the employees were gradually developed.

15. Of course it did have a significant impact on the bank’s performance.

16. I considered the Acquisition as a threat to my job, since I was not so young and I was costly for the company since I had seventeen years of previous bank
experience. Besides many employees that were old were proposed to leave the bank voluntarily (they were given a lot of money in order to leave the bank).

17. There were no privileges at all.

18. Xenophon Nickitas coming from Ergobank remained as a Chairman in the board of directors. Nicholas Nanopoulos from Eurobank is the CEO. There were new additions from the competition.

19. The structure of the bank has changed after the Acquisition and the integration was slower than the anticipated one. Even nowadays EFG Eurobank Ergasias S.A has two labor unions. The Union that consists of all the employees coming from Eurobank and Eurobank-Ergasias that consists of the employees coming from Ergobank.

20. The majority of the clients were dissatisfied.

21. It was a very successful Acquisition. EFG Eurobank Ergasias S.A is the second largest bank in Greece.

Part 3

22. Personally speaking, it is certain that the M&A phenomenon will continue to a large extent.

23. The conditions in today’s Greek financial system are the appropriate ones.

24. I do not know if there is a gap but there is always room for improvement.
Interview 9

FEMALE, 37 YEARS OLD, PERSONAL BANKING OFFICER, THESSALONIKI

Part 1

1. The most important factor that contributes to a successful merger activity is the employees’ preparation for the upcoming Merger/Acquisition.
2. I agree with this perspective. The majority of mergers suffer in performance term because of the mismatch of the different corporate cultures.
3. I do not think that the purchasing bank always regards itself as a superior.
4. Personally speaking, M&As do not lead to a remarkable reduction in the number of employees. I do not believe that there are discriminations among the employees.
5. The board’s structure and composition depends on the pre merger/acquisition deal.
6. Indeed, when large companies acquire a smaller one, the seats on the board of the acquired bank are reduced.
7. Of course the banks should merge their mission and vision statement when two banks merge.

Part 2

8. I was employed in 1998 in EFG Eurobank as a teller.
9. The managerial policy was aggressive and focused on sales, on maximizing cross selling index. Also the managerial policy aimed at increasing the range of its network and thus increasing its market share.
10. In 1998 EFG Eurobank acquired 99, 8% of Cretabank. Consequently, in 1999 EFG Eurobank realized Bank of Athens merger through share exchange. Also it acquired 50.1% in Ergobank following a public offering. In 2000 the new entity was renamed to "EFG Eurobank Ergasias S.A."The purpose was to develop its existing network of branches and to occupy experienced employees.
11. The managerial policy after the Acquisitions remained the same since Eurobank Ergasias S.A imposed its policy to the banks it acquired.
12. The number of the employees—as far as I remember—remained the same.
13. Of course there were assimilation processes. The employees were given the time that was needed to adapt to the new policy. For instance, systems of both banks operated for about one year. I truly believe that all the employees coming from merged banks were very reactive and opposed to new standards.
14. Many employees were very suspicious and cautious. They opposed to new standards. Also the majority of the acquired personnel were old in contrast to the Eurobank’s personnel that was very young. Thus there was a huge generation gap.
15. Of course it had an impact on bank’s performance. It gained an increased market share; it increased its existing network and capitalized on the clientele of the acquired banks.
16. I did not consider the Acquisitions as a threat to my job since I was on the purchasing bank’s side and too young to worry.
17. No, there were no privileges at all.
18. The board of directors included executives of Ergobank. Xenophon Nickitas coming from Ergobank remained as a Chairman in the board of directors.
19. Since I was on the purchasing bank’s side I did not experience a notable shift in the bank’s structure.
20. The customer’s reaction was positive since they observed a new, more developed bank.
21. Viewed from the shareholder’s perspective, it was a successful Acquisition.

**Part 3**

22. Undoubtedly, the M&A phenomenon will be very intense.
23. I believe that the conditions in today’s Greek financial system are the appropriate.
24. There is always room for improvement. What could have been done is to prepare the employees for the upcoming merger/acquisition and the integration.
MARFIN EGNATIA BANK

Interview 10

MALE, 32 YEARS OLD, MORTGAGE LOAN CONSULTANT

Part 1

1. Economic growth is the most significant factor that contributes to a successful merger activity. The new corporate identity must be compatible with the previous one. Huge changes may have a negative effect on M&As’ success.

2. In M&As the culture is not of major concern. I believe that culture clashes cause problems to most mergers.

3. The purchasing bank does not regard itself as a superior. The bank negotiates its business transaction in which there is an absence of feelings.

4. Usually M&As lead to the employees’ reduction. Nevertheless a healthy corporation tends to hire new personnel.

5. The composition of the board depends on the pre Acquisition-Merger deal.

6. All directors will not remain as a combination. What is usually observed is that large companies intend to control the majority of the executives.

7. When two banks merge, they should also merge their mission and vision statements. Regarding my experience, the alignment of the mission and the vision statements is a determining factor.

Part 2

8. I was initially employed in National Bank of Greece with a short term contract. Next, I started to work in Eurobank EFG as a Head Manager of the bank and finally I was employed in Marfin Egnatia Bank.

9. The managerial policy aimed at increasing the activities and the popularity of the new group.

10. I do not know.

11. The managerial policy continued to focus on the increase in the activities and the popularity but it became stricter.
12. I cannot tell the exact number of employees pre and post the Merger. I suppose that the number has increased since new branches operated.

13. I went to a branch that never operated before and I had specific rules to follow.

14. The employees that did not change the way they worked did not encounter problems. Nevertheless, conflicts arose when few employees were transferred to new job positions.

15. Of course it did have a positive effect on the bank’s performance.

16. No, I did not consider M&A as a threat to my job.

17. No there were no privileges at all.

18. The majority of the employees remained in their positions and there were additions from the competition.

19. The structure of the bank changed to a significant extent since the new bank had to adapt to the new challenges.

20. The existing customers had a good relationship with the employees and thus they did not create further problems. The new group also attracted new customers.

21. Definitely it was a successful merger. The human resources played an important role and adapted too soon.

**Part 3**

22. It is going to expand and many changes observed in the global financial context will accelerate the phenomenon.

23. The Greek financial system provides all the appropriate conditions and facilitates the existence of M&As.

24. As long as personal interests exist in each level of hierarchy, conflicts cannot be avoided.
Interview 11

MALE, 30 YEARS OLD, INVESTMENT CONSULTANT WORKING IN PIERIA.

Part 1

1. A structure resulting in economies of scale, in corporate profile of the merged companies and in common vision are the factors that contribute to successful merger activity.
2. Undoubtedly, few mergers may encounter problems regarding the mismatch in corporate culture. Problems are eliminated as time goes by.
3. It depends on what the purchasing bank desires.
4. Taking the economies of scale into consideration, M&As lead to a reduction in the number of the employees.
5. The statute determines the board’s composition. Directors that are not included in the new composition are compensated with premium shares.
6. Indeed, in a merger between large companies acquiring a smaller one, the seats on the board are eliminated. Undoubtedly, many directors may be fired.
7. It is obvious that both mission and vision should correlate.

Part 2

8. I was employed in Marfin Bank in 2007. Previously, I had been working in National Bank of Greece for 1 year.
9. The managerial policy aimed at increasing the activities and the popularity of the new group.
10. It was a merger that lasted one year. The bank was formed by the consolidation of Marfin Group's Egnatia, Laiki and Marfin Bank.
11. The managerial policy remained the same and the only difference was to enforce the cooperation among employees.
12. The number was the same (i.e. 24000 employees).
13. There was a merger regarding the systems. Nevertheless, the three merged banks used the same applications. This was also an important reason why the three banks decided to merge. The training regarding the employees was very typical.

14. Initially, employees did not trust each other. The differences in the productivity were very notable. Three years later, all the conditions improved significantly thanks to the effective application of the managerial policy.

15. Yes, it had a positive impact on the bank’s performance. The new bank became the 5th largest bank in Greece.

16. Judging from my experience, the merger did not lead to staff reduction. Generally speaking, M&As is a threat for the staff. The new board considers employees’ number, their productivity and other factors as far as the operational costs are concerned.

17. I do not know whether there were privileges for the employees.

18. As far as I remember, many CEO’s were either hired or transferred to other positions. Employees followed.

19. The bank’s structure has changed and will continue to change because of the external competition.

20. MIG group became very popular since it presented a huge increase in the share capital. Both the existing and the new customers were very interested in cooperating with the new bank.

21. The merger was successful but the current economic crisis does not leave room for further expansion.

**Part 3**

22. I am of the belief that M&As will continue since there are numerous banks in Greece (18 Banks).

23. The current financial crisis provides the appropriate conditions in order for M&As to occur.

24. I do not think there is a gap regarding the managerial side of M&As in Greek cases. The global modifications occurring within the financial system can facilitate the negotiations.
Interview 12

MALE, 33 YEARS OLD, HEAD BRANCH MANAGER IN ATHENS

Part 1

1. The most important factor for a successful merger is the bank’s structure. A completely different structure may lead to a problematic application of the new management policies.

2. The Culture is not so important by itself. Differences in culture may cause problems but these in turn, can be resolved successfully when the bank’s structure is based on common axes.

3. Often, the purchasing bank considers itself as a superior. During the negotiation period the purchasing bank tries to persuade the acquired one to follow its vision.

4. M&As lead to a remarkable reduction in the number of excessive staff. Also, it hires new, skillful employees.

5. The board of directors is composed by executives coming from the former boards. Of course, not all of them are placed in the new board.

6. No, not all of the directors coming from the former board maintain their jobs. The larger bank is interested on placing its own members in order to control them. The remaining members, either remain in CEO’s positions, or leave the group for a competitive one.

7. The mission and the vision statements should merge. If the new mission and vision statements do not correlate, then failure will occur.

Part 2

8. I was employed in 2005 in Egnatia Bank as a Customers’ service officer. After the merger, I was transferred to another branch working as a Head Manager.

9. The Pre merger managerial policy was not very different from the current one. Increase in the market share and the number of customers were the major issues of concern. Employees’ training was not so often and the pressure from the upper level management was not so hard.
10. The merger completed a year after the negotiation period. This resulted from the banks that were merged that in turn, had almost similar managerial policies. In addition, the existence of a powerful group in the banking sector is of great interest. The merged banks were successful before the M&A but not strong enough to fulfill their vision statements.

11. The management policy changed only in the way it was applied. Today, it is stricter; often, training seminars are organized for all the employees due to the need for continuous education.

12. The employees’ number remained the same after the merger and this in turn reassured all the employees.

13. The training process had a typical form because the banks worked on the same operational systems. Consequently, there was no need to spend time and money on that area.

14. The employees were initially very anxious for their future. Nevertheless, during the negotiation period, the general manager of MIG group reassured all the employees. After the merger, this promise was kept and the employees were quite satisfied.

15. It had a positive impact on the employees’ performance.

16. Generally speaking, M&As contribute to the bank’s performance and affect the basic success factors.

17. Few privileges were provided to the employees.

18. I do not know.

19. The bank’s structure has changed so as to meet the new needs. There was a rapid integration since the three former banks had similar rules and regulations.

20. The existing customers were satisfied by their bank.

21. Indeed, it was a successful merger.

Part 3

22. I am of the opinion that the phenomenon will expand in Greece so as to follow the global financial changes.

23. We have witnessed few successful M&As in Greece. Moreover, the Greek financial system provides all the necessary conditions for M&As to occur.
24. I believe that there is no gap regarding the managerial policy. The focus should be on its application.

**Interview 13**

**MALE, 48 YEARS OLD, REGIONAL MANAGER IN NORTH GREECE**

**Part 1**

1. Adequate preparation is one of the most important factors. You have to identify the best “team player” from the competition. The one that endorses your vision.
2. The culture is included in the procedure of identifying of a good team player. Of course it is important for a successful M&A but not the most important one.
3. Even when the largest bank considers itself as a superior, the nature of the negotiations is so strict.
4. Yes, M&As lead to staff reduction.
5. The new board of directors consists of executives that are selected before the merger.
6. The largest bank elects the majority of the directors of the new board. Generally speaking, the board’s composition depends on the extent of the bank’s participation to the merger.
7. What the banks should primarily do is to merge their mission and vision statements.

**Part 2**

8. I was employed in Egnatia bank as a customer service officer. Next, I was transferred to Egnatia Bank and became the Head Manager of a store. After the merger I was promoted to Regional Manager in North Greece.
9. The pre merger management policy focused on increasing the market share and expanding the bank in new areas.
10. The Marfin Egnatia Bank merger occurred within 1 year. The merging parts had common characteristics, so they decided to fulfill their objectives.
11. The new management policy was not diversified at all but it was applied in a more strict way.
12. The employees’ number remained the same. Moreover new branches opened and the number of employees increased in a short period of time.
13. The training was not so thorough because the merged banks had common characteristics in their everyday operations.

14. The employees were satisfied because they did not lose their job positions. Of course conflicts arose but finally good communication, trust and cooperation were noted.

15. The outcomes showed it had a significant impact on their performance.

16. Of course I considered the M&A as a threat to my job since managers from the upper level are usually fired.

17. There were no privileges for the employees. The new group provided all the opportunities for those who wanted to excel in their career.

18. I think that the new board of directors was equally composed.

19. The bank’s structure changed.

20. The existing customers were pleased. They were more confident and trusted the new bank.

21. The merger was successful because the bank reached its short term goal to become one of the largest banks in Greece.

**Part 3**

22. M&As in Greece have just started and will continue in the foreseeable future. The Greek economy “obliges” banks to grow. And the only way is through M&As.

23. Indeed, the Greek financial system provides the appropriate conditions in order for M&As to occur.

24. The managerial policy should be a major issue of concern. There is adequate room for improvement regarding the bureaucracy and the elimination of conflicts.
Interview 14

FEMALE, 37 YEARS OLD, HR MANAGER IN ATHENS

Part 1

1. First and foremost, a common culture contributes to a successful merger activity.
2. The mismatch of different corporate cultures may result in the bank’s performance in a negative way.
3. The purchasing bank does not always regard itself as a superior.
4. Usually, a reduction in the number of the employees is observed.
5. The new board of directors consists of executives that were agreed during the negotiation period.
6. Of course, in a merger between large companies acquiring a smaller one, the seats on the board of the acquired bank are eliminated.
7. Both mission and vision statements should merge when two banks merge.

Part 2

8. I started working outside the banking industry as an HR director. Next, I was employed in Laiki bank, one of the three banks that created Marfin Egnatia Bank.
9. The managerial policy aimed at increasing the activities and the popularity of the new group.
10. The merger took place within a year. It occurred because of the need to grow and become more competitive in the market.
11. The only notable difference was the needed, continuous education of the employees.
12. The employees’ number remained the same after the merger. But soon it increased.
13. There assimilation processes were not so broad due to the fact that the merged banks had a lot of common characteristics on their operations. The main target of the training processes focused on the improvement and continuous education of the organizational members.
14. Trust, collaboration and communication among the employees were gradually developed.
15. Of course it had a positive impact on their performance.
16. In our case, the reduction of the operation cost resulted from an effective management policy.
17. The privileges did not change at all compared to the previous ones.
18. Unfortunately, I do not know about the board of directors.
19. After the merger, the structure did not change at all since the bank did not intend to create more problems.
20. The customers’ reaction was very positive. The existing customers remained and new customers came from the competition.
21. It was a successful M&A because the bank reached its short term goals.

Part 3

22. Personally speaking the phenomenon of M&As in Greece will continue based on the characteristics of the Greek context.
23. Of course, the outcomes of the already existing mergers showed that the Greek financial system provides the appropriate conditions.
24. There is no gap regarding the managerial policy and the executives’ education level is extremely high.