AN ANALYSIS OF MERGER AND ACQUISITION ACTIVITY IN THE ZIMBABWE
FINANCIAL SERVICES SECTOR SINCE 2000

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Abstract

The research primarily aimed at analysing the merger activities which have taken place in the Zimbabwe financial services sector since 2000. The research establishes the reasons behind mergers within the financial services sector of Zimbabwe as well as evaluating the problems faced by these mergers during merging process. The research established reasons why some of these mergers fail or succeed. Rather than looking predictably at the reasons for failure, it emphasizes what companies can do to unlock value from the deals. The research also highlights the role that regulatory authorities such as the Reserve Bank of Zimbabwe (RBZ) should play for the success of mergers. Theoretical literature covered aspects such as definition of a merger, types of mergers, motives for mergers, and challenges facing mergers. Empirical literature mainly aimed at the analysis of mergers in developing and developed countries. A survey research design was adopted. Qualitative data was gathered by means of questionnaires and the targeted respondents were senior officers of financial institutions. Ten questionnaires were distributed to senior officials of five selected banks and eight questionnaires were successfully completed. The research concludes that merger activities in Zimbabwe generally have been a success. It also emerged from the study that some mergers in Zimbabwe failed on their inception because they gave little or no attention to good planning, thorough analysis of financial statements, adequate diligence tests, and good corporate practices. A major recommendation from the study is that, for mergers to be successful there is need for proper planning, due diligence tests, adherence to sound corporate governance and risk management practices, good fusion of corporate culture and proper management of the post merger transaction.