The Effect of Merger, Acquisition and Covid-19 on Customers Service of Union Bank of Indiain Delhi

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ABSTRACT

This paper aims to examine the views of employees on the attitude of clients to mergers and acquisitions and covid breakout. The main goal is to examine how in real life the relationship between customer service and the financial institution has impacted the banking industry. The paper analyses, using methodological methods, the most important cases of M&A among 10 retail banks and saving banks in the Indian sector between 2019 and 2020. To do this, face-to-face exploratory interviews were conducted by a selection of staff selected using a specialized sampling technique, especially with the Union Bank of India. The expectations of employees of the effects of M&A on customer service growth suggest that financial M&A has a negative impact on prices, the location and proximity of branches and financial sector routines, and has a positive impact on products and services after the M&A pandemic, covid-19. The purpose is to analyze the dominant factors influencing the merger and acquisition of the Union Bank of India, and to generalize the results of this review with caution. After the pandemics around Covid-19, affecting Merger and Acquisition, this paper explores the effects of M&A changes on customer service and long-term banking partnerships.

INTRODUCTION

The merger will lead to a high rate of branch rationalization, Mr. Rao said (THE HINDU OCT 5 2020). "If within 500 metres there are two branches, we'll club them together and then use the license to open a new branch in the South or the West." Integration seems to have taken place only on paper a month after the country's largest bank amalgamation exercise, as the nationwide lockdown to curb the spread of Covid-19 has proven a major hurdle. On April 1, Andhra Bank and Corporation Bank were merged into Union Bank of India as part of the country's banking room consolidation exercise. Another path for mergers and acquisitions in the banking sector was the monetary policy of 2015, as it directed them to increase their paid-up cash by almost four times. Commercial banks had to increase their paid-up capital to Rs 8 billion, from the present Rs 2 billion to Rs 2.5 billion and from Rs 640 million to Rs 800 million, from Rs 200 million to Rs 800 million, from Rs 200 million to Rs 800 million. Banks today emphasized the financial reasons for merger rather than human factors. Since

banks and banks (BFIs) are service providers, the study reveals the impact of M&A and Covid-19 on customers, and their success depends primarily on customer satisfaction. It is important to carefully design the launch, upgrade or deployment of post-M&A innovations to ensure minimal service disruption (Fashola, 2014). In the current globalised climate, M&A is the most preferred long-term corporate turnaround and reinforcement strategy. Building a synergy of one plus one, and more than two, is the main reason behind M&A. The banking sector plays a key part in the economic and social growth of the country. The banking climate has been dramatically altered by globalization, market expansion and technological growth, but customer loyalty still needs to be taken into account. However, the banking sector relies on the processes of growth, organizational change and reinforcement to remain competitive and viable in the rapidly changing environment.

LITERATURE REVIEW

Chen and Vashishtah (2015) the merger and acquisition flows in the US banking sector were analysed in order to research the impact of a banking business system on the disclosure of lenders. In a differentiated methodology to examine shifts in the timescale of bank mergers, analysts have noticed a substantial rise in the declaration of borrowers as their leading banks partake in mergers and acquisitions. In comparison, while the rise in transparency is greater for creditors, and raises public debt dependence, it is not confined to and also expresses itself for borrowers who have no public debt rise or a reduction in the supply of credit.

Joash and Njangiru (2015) Argue that merger and takeover boost the organization's flexibility and productivity of activities, thus improving consumer loyalty. In addition, mergers and acquisitions increase the company's financial base to give the business access to more equity and credit lines to ensure liquidity during the year. This increases the reliability and efficiency of the company's activities to increase consumer loyalty.

Ojha and Walsh (2016) they claimed that in recent years, mergers have helped most financial companies grow their resources and become more successful. However the key implications after integration have been customer rights security and the banking industries are properly safeguarded in crucial financial roles.

OBJECTIVES:

- To study the major factors influencing Merger and Acquisition of union bank of India.
- To test the crash on union bank of India customers service during Covid-19, Merger, and Acquisition.
- To offer implication for the efficient functions of union bank of India after pandemic.

STATEMENT OF THE PROBLEM

According to a recent PTI poll, the union bank of India merger, which will make the bank bigger than the Bank of Baroda (BoB), will take effect from 1April next year, it was widely speculated that the government may delay the consolidation exercise for some time due to the novel corona virus pandemic

that has impacted our economy. By March 2019, the combined UNION BANK OF INDIA market share of deposits leaps to 8 percent compared to its separate market share of 5.2 percent, struck by $2 billion in the case of bribery and money laundering centered around the fugitive diamond merchant Nirav Modi. It is anticipated that the merger would help the banks to have a much larger capital base and will also encourage them to scale up their activities and expand market penetration, Sitharaman said.

RESEARCH METHODOLOGY

In this analytical research, Union Bank of India Customers service impact factors were chosen for study and 100 consumers' samples collected, using random sampling, in Delhi. A study of 100 consumers of selected brand was collected through primary data-questionnaire and received reliability through Cronbach's Alpha test. Later, a 100 -sample size consumers' data collected through questionnaire processed using SPSS version 20 software is used for main study. For analysis, Descriptive statistics, Friedman's test for k-related samples, Chi-square and Multiple Regression test were used The secondary data includes reference books, journal, research papers and internet is also used under this study.

LIMITATIONS

Even though all care was taken in and all prevailing factors designed still, the following limitations were conventional.

1) The study was restricted to Union Bank of India Customers services alone in Delhi only.

2) The study was established; on a specific time, consequently it affected by time-honored factors in the period.

3) The study was the outcome of a sample size, careful to enable a smooth carried out and thus was not a totalrepresentation of the sum.

HYPOTHESES:

The null Hypotheses for the study are:

Thereisno significant impact betweenoften do you visit your Union Bank of India branch with Age

- ➢ Thereisno significant impact betweenoften do you visit your Union Bank of India branch with Gender

➢ Thereisno significant impact betweenoften do you visit your Union Bank of India branch with Qualification

➢ Thereisno significant impact betweenoften do you visit your Union Bank of India branch with Occupation

➢ Thereisno significant impact betweenoften do you visit your Union Bank of India branch with Type of Bank Account in Union Bank of India.

TEST OF RELIABILITY:

In the study, the cronbach's alpha reliability of co-efficient was applied based on the primary data collected all over the survey the reliability is .852.

Table-1

Reliability Statistics	
Cronbach's Alpha	N of Items
.852	17

FACTORS INFLUENCED BY UNION BANK OF INDIA CUSTOMERS SERVICES:

Table-2

Factors	Communalities	Extraction
Factors 1 Customer Identity	1.1 New Account Number	.847
	1.2 Email Address /Physical Address	.809
	1.3 Mobile	.864
Factors 2 Re-submission of customers information for auto-Credits/Debits	2.1 Your Account Number to employer	.883
	2.2 IFSC Code for transactions	.686
	2.3 Auto Credit	.801
	2.4 Auto Debit	.881
Factors 3 Local branches and ATMs Positive Impacts	3.1 ATM services will be larger	.752
	3.2 ATM Charges low due to merger	.744
Factors 4 Borrowers: Deposit, lending rates to be decided by merged entity	4.1 Personal Loan Rate Reset	.690
	4.2 Home Loan Rate Reset	.632
Factors5 **New Credit/Debit cards influenced me during Union Bank of India merger**	5.New Credit/Debit cards affected me during merger	.656

Factors6 Increase Paperwork for Fixed Deposit	6.FD Maturity withdrawal high process	.729
Factors7 Union Bank of India Banking Services were affected during covid-19	7.1 Transaction is Ease during covid-19 pandemic	.764
	7.2 Row Without any fear I used ATM services	.679
	7.3 I faced problems, merger especially during covid-19 period	.748
	7.4 Union Bank of India cares customers during Merger, Acquisition and Pandemic period	.695
	Extraction Method: Principal Component Analysis.	

Factors affected by Union bank of India Bank customer's services during Merger, Acquisition and covid-19 Pandemic in Delhi district have been recognized. Union Bank of India, customer's service is measures by eighteen variables. Based on the conformity given by the selected respondents, factor analysis with main component method using vari-max rotation was applied to group the variables in to factors. The result of the KMO measures of samples adequacy and Bartlett's test of sphericity indicates that application of factors analysis is appropriate for the data. The KMO measures of sampling adequacy was 1014.496 and it was significant (p<.001). Seventeen variables are reduced into fewer factors by analyzing correlation between variable (Union bank of India customer service). In this case, seventeen variables are reduced to seven factors.

FRIEDMAN'S TEST FOR K-RELATED SAMPLES:

Frequency of Union Bank of Indiacustomers often visit is divided in to five parts Just once aweek, Atleast once amonth, once in 2-4months details, once in ayear and According to theneed are examined with Friedman's test for k-related samples the test result and discussions were presented below. Selected customers in Delhi have ranked, to test the impact of various factors influencing Union Bank of India, Customers often visited frequency; Friedman's test for k-related samples was applied to study the association with reasons for Union Bank of India customers often visited frequency is impacted.

Null Hypothesis H01:

The entire factors are having equal impact on Union bank of India, customers banking services of Delhi customers.

Table-3

Ranks				
		Mean Rank	Ranking	Chi-Square
Just once a week		3.18	1	

At least once a month		3.02	2	25.505
Once in 2- 4 months		2.94	3	(P<.001)
Once in a year		3.02	2	
According to the need		2.84	4	

The results of the Friedman's test showing that the null hypothesis is rejected at 1% level. Not all the factors have equal impact on Customers services of Union banks of India.

CHI-SQUARE TEST RELATINGTHEUNION BANK OF INDIA BRANCHWITH UNION BANK OF INDIACUSTOMER IS DEMOGRAPHIC:

To testing the Often visit to Union Bank of India branch customer's services experiences with demographic factors of the respondents the scales used are "Strongly Agree, Agree, Disagree, and Strongly Disagree." The Union banks of India, Bank Customers were asked to spot out their service experiences on banking services offered by Union banks of India during merger Acquisition and Covid-19 is are secreted in to seven factors. They are Customer Identity, Re-submission of customers information for auto-Credits/Debits, Local branches and ATMs Positive Impacts, Borrowers: Deposit, lending rates to be decided by merged entity, New Credit/Debit cards influenced me during Union banks of India merger, Increase Paperwork for Fixed Deposit and Banking services during pandemic period.

The hypothesis structures to spot out the impact on customers service during Merger, Acquisition and Covid-19 Pandemic situation "Thereisnosignificant impact between the often visits of Union bank of India customers with Gender, Monthly Income, Qualification, Occupation and type of account of Union banks of India customers". Chi-square test was utilized to recognize the crash between factors. The consolidated results of the chi-square test are shown in table-4.

Table-4
CONSOLIDATED RESULTS OF CHI-SQUARE TEST

Sl. No	Often do you visit your Union Bank of India branch	Table Value	d.f	Calculated Value	Level of Significance	Result
1	Age	27.688	12	32.762	1	Significant
2	Gender	13.277	4	19.403	1	Significant
3	Monthly Income	26.296	16	29.832	5	Significant
4	Qualification	15.507	8	15.742	5	Significant
5	Occupation	37.566	20	74.064	1	Significant

The results of the study between "Often customers visit for transaction connected with banking services to its customers" are obtainable in the table 4. "H $_0$: There is no significant impact between Often you visit for transaction with demographic variables of Union banks of Indiabank customers".

On the differing, the calculated value of Age, Gender, and Monthly income, Qualification, and occupation variables is more than the table value at 1% and 5% level of significance. Hence, the null hypothesis is rejected and concluded that Union bank customers are services are significantly influenced during Merger, Acquisition, and Covid-19 Pandemic period of Delhi.

MULTIPLE LINEAR REGRESSTION ANALYSIS WITH LINEAR

By considering Merger, Acquisition and Covid-19 impact of Union banks of India Bank Customers service, Independent variables Customer Identity, Re-submission of customers information for auto-Credits/Debits, Local branches and ATMs Positive Impacts, Borrowers: Deposit, lending rates to be decided by merged entity, New Credit/Debit cards influenced me during Union banks of India, merger, Increase Paperwork for Fixed Deposit and Banking services during pandemic period as predictor variable and customers service impacts

during merger and pandemic as Dependent variable. Multiple regression analysis is conducted to examine the impact during Merger, Acquisition and covid-19 pandemic period customer service provided by Union banks of Indi, Bank branches in Delhi.

H0: There is no significant impact between independent variables with dependent variable.

Table-5

Model		Sum of Squares	df	Mean Square	F Calculated Value	F Tabulated	Sig.	R	R^2
1	Regression	6829.665	6	1138.277	4585.589	4.95	.000		.000[a]
	Residual	23.085	93	.248					
	Total	6852.750	99					.9	.1
a. Dependent Variable: Total Impacts DV									
b. Predictors: (Constant), Customer Identity, Re-submission of customers information for auto-Credits/Debits, Local branches and ATMs Positive Impacts, Borrowers: Deposit, lending rates to be decided by merged entity, New Credit/Debit cards									

ANOVA[b]

In the above Table the F, calculated (4585.589) is greater than F tabulated (4.95). Therefore: The null hypothesis is rejected, with significant value=.000<0.005. There is positive impact between the independent variables Customer Identity, Re-submission of customers information for auto-Credits/Debits, Local branches and ATMs Positive Impacts, Borrowers: Deposit, lending rates to be decided by merged entity, New Credit/Debit cards influenced me during Union banks of India, merger, Increase Paperwork for Fixed Deposit and Banking services during pandemic period as predictor variable and dependent variable Union banks of India, customer service during Merger, Acquisition and Covid-19 R value =(0.9), Which refers to coefficient of correlation of the independent variable are highly impacted with dependent variables.

Table-6

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.998[a]	.997	.996	.49823

Source: Primary data

The above table shows the model summary of customers services offered by Union banks of India, bank branches during Merger, Acquisition and Covid-19 services (predictor) and it explains the 99.8 % of Union banks of India customers impacted (R^2=0.997).

Discussion and conclusion:
In order to consolidate financial markets, reinforce the banking sector, modernize services, compete with global banks and strengthen the area of jobs, mergers and consolidations are required. Although the merger and acquisition stage is not uncomfortable, the merger and acquisition approach has been vigorously embraced by the UNION BANK OF INDIA banks and financial institutions. The outcome of the KMO sample adequacy measurements and the Bartlett sphericity test suggest that 1014.496 and the implementation of factor analysis are important (p<.001) was acceptable for the results. As the whole organisation relies on positive input and loyalty

from consumers, strong customer support in this sort of company is important. The consequence of the Friedman test is that the null hypothesis is discarded at the stage of 1 percent. Not all aspects have an equivalent effect on UNION BANK OF INDIA banks' consumer services. (Chi-squ-25.505 (P<.001)) The degree of satisfaction may also differ based on other choices that the customer can have and other items that the customer may measure the products of the company to. (2013 Nippatlapalli). The null hypothesis is denied and notes that the opinion of customers about TVS goods greatly influenced the demographic factors during the Coimbatore district Merger, Takeover, and Covid-19 Pandemic era. The outcome indicates that credit customers gain more than depositors from merger and acquisition in UNION BANK OF INDIA banks and financial institutions and hence the measured values of gender (19.403) monthly income (29.832) qualification (15.742) occupation (74.064) at 5 percent significance level. (Prompitak, 2009). Prompitak, 2009, concludes that combined banks will generate productivity savings by mergers and, in the form of lower loan costs and interest margins, can pass these advantages on to their clients. The ANNOVA table reveals that F, measured (4585.589 is greater than F tabulated, as revealed by the results (4.95). Increased technological improvements linked to ATMs, an extended network of branches and favorable interest rates have increased the strengthened capital base. For emerging countries such as India, merger and acquisition tends to be beneficial as convergence enriches the geographical and technological development workspace, which inevitably benefits the expansion of the consumer network. Caution can also be practiced by the regulatory bodies interested in helping clients across economies of scale in the service sector.

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