Banking Merger and Its Role in Achieving Competitive Advantage

A survey of the opinions of a sample of bank managers in Erbil

Abstract

Many banks around the world were quick to adopt banking mergers as a strategy to create global competitive advantages and enhance their capabilities in the global banking and financial arena, in order to revitalize the banking and financial markets and make them more dynamic and effective, in light of modern banking developments and the requirements of the Basel Committee on Banking Supervision. The research aims to identify the importance of banking merger by presenting its concepts and types, and its role in achieving competitive advantage from the point of view of a large number of bank managers in the city of Erbil. The questionnaire form, which numbered (54), was used and the statistical program (SPSS) was used. A set of conclusions, including that banking merger explains 88.6% of the changes occurring in enhancing competitive advantage, and the p-value of the linear and quadratic regression slope test is equal to zero, which indicates its significance and the importance of the presence of the banking merger variable (with its squares) in the estimated model, and it was suggested to encourage the trend Towards banking mergers with the aim of creating stronger banking entities capable of facing risks and competitive challenges.

Introductory words: banking merger, competitive advantage, banking merger approaches.

ملخص:

سارعت العديد من البنوك حول العالم إلى تبني عمليات الاندماج المصرفي كاستراتيجية لخلق مزايا تنافسية عالمية وتعزيز قدراتها في الساحة المصرفية والمالية العالمية، بهدف تنشيط الأسواق المصرفية والمالية وجعلها أكثر ديناميكية وفعالية، في ضوء التطورات المصرفية الحديثة ومتطلبات لجنة بازل للرقابة المصرفية. يهدف البحث إلى التعرف على أهمية الاندماج المصرفي من خلال عرض مفاهيمه وأنواعه، ودوره في تحقيق الميزة التنافسية من وجهة نظر من مديري البنوك في مدينة أربيل. وتم استخدام استمارة الاستبيان وعددها (54) وتم استخدام البرنامج الإحصائي (SPSS). وتم التوصل إلى مجموعة من الاستنتاجات منها أن الاندماج المصرفي يفسر 88.6% من التغيرات التي تحدث في تعزيز الميزة التنافسية، وأن القيمة p لاختبار ميل الانحدار الخطي والتربيعي تساوي الصفر، مما يدل على أهميته وأهمية وجود متغير الاندماج المصرفي (مع مربعاته) في النموذج المقدر، وتم اقتراح تشجيع الاتجاه نحو الاندماجات المصرفية بهدف خلق كيانات مصرفية أقوى قادرة على مواجهة المخاطر والتحديات التنافسية.

Introduction:

The trend towards banking mergers and the formation of banking blocs was considered a general phenomenon within the banking sector, aiming to confront the challenges imposed by globalization and the policy of trade liberalization, including the liberalization of banking services and capital adequacy requirements, as these circumstances called on the banking sector to tend towards the formation of economic blocs capable of facing crises and competition. In post-globalization economies. Banks carry out mergers to increase competitiveness and benefit from economies of scale and other advantages that are achieved in the event of a bank merger or acquisition. Banking mergers formed a global trend starting in the 1980s with the aim of growth, expansion, and enhancing competitiveness. The importance of the research stems from the role of the banking sector resulting from the function it performs in the economy at the internal and external levels. Thus, banking mergers became the basis for banks to play their vital role through... Its contribution to developing the banking sector and enhancing its role in building the national economy. Banking merger also contributes to increasing the competitiveness of the merged banks by providing services on a broader scale and developing economic performance in light of mobilizing savings.

It contributes to confronting contemporary developments, especially economic blocs, financial globalization, and economic crises that make the merged banks able to play their role in the global economy.

Research problem: The research problem is: - How important is a banking merger from the point of view of a sample of bank managers in the city of Erbil, and does a merger contribute to achieving the competitive advantage of banks?

Research objective: The research aims to:

1- Identify banking mergers by presenting its concepts, types, and effects.
2- Knowing the importance of banking merger and their role in achieving competitive advantage for a sample of banks in the city of Erbil.

Research hypothesis: The research hypothesis lies in Banking merger is important and plays a role in achieving competitive advantage, and is divided into the following hypotheses:

1- Null hypothesis: There is no agreement on the provisions of the banking merger

Alternative hypothesis: There is agreement on the provisions of the banking merger

2- Null hypothesis: There is no agreement on the items of the dependent variable (competitive advantage)

Alternative hypothesis: There is agreement on the items of the dependent variable (competitive advantage)

3- Null hypothesis: There is no effect of banking merger in enhancing competitive advantage

Alternative hypothesis: There is an effect of bank mergers in enhancing competitive advantage.

Literature review

The concept of banking merger:

Mergers and financial re-engineering are a huge part of businesses in the world of finance. Companies and financial institutions, including banks, achieved growth and expansion through merger. The separate financial institutions formed a large and financially strong institution after the merger and have competitive ability through lower average costs that they obtain from economies of scale, expanding the volume of their activity, and obtaining new markets globally (Gupta & Banerjee, 2017, p. 23).

There are many definitions of banking merger, as it is defined as a collective movement towards conglomeration, cooperation and integration between two or more banks to create a form of unification that goes beyond the current pattern and form, to create an entity more capable and effective in achieving goals that seemed impossible to achieve before the merger process, and banking merger. It means a process of moving from a certain competitive position to a better competitive position, and it also attempts to achieve three dimensions. The first dimension: more confidence, reassurance, and security among the public of customers and dealers. The second dimension: creating a better competitive position for the new banking entity in which the competitive ability of the new bank, investment opportunities, returns, and resource and income management increases. The new one is more effective, efficient, and creative. The third dimension: replacing a new, more experienced administrative entity to perform the bank's functions with a higher degree of efficiency, and then the new banking entity acquires a more mature and brighter personality on the part of the employees with a more secure career future (Awad, 2019, p. 6).

Decisions related to merger and acquisition deals require serious focus and attention when companies make an acquisition because it may affect the financial performance of the bidding company. Where such mergers

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1. How important is a banking merger from the point of view of a sample of bank managers in the city of Erbil?
2. Does a merger contribute to achieving the competitive advantage of banks?

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Alternative hypothesis: Banking merger has a significant effect on enhancing competitive advantage.

Commented [am17]: 2. Literature Review
2.1 The Concept of Banking Merger:

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and acquisitions require a place, the acquiring company may not always be in a profitable position; It affects the liquidity, profitability, operation, and state of administrative efficiency of the acquiring companies. Companies should not pursue mergers and acquisitions unless they create value. Mergers and acquisitions become fruitful if synergies arise in the forms of operational, financial, and administrative synergies, and an increase in market share is achieved(Ondieki Joash & John Njangiru, 2015, p. 104).

From the above, it can be said that a banking merger is the merging of two or more banks for several reasons and to achieve a set of goals related to capital, size of deposits, investment opportunities, and returns, as well as competitiveness and market share.

Conditions and controls for banking merger:

The decision to merge between banks requires a set of conditions and controls in order for it to be successful and more effective. The following is a presentation of the most important conditions and controls for a banking merger(Andrieş et al., 2021, pp. 3–5):

1- There is a real, sincere desire among those in charge of the merger, and they have the self-motivation and motivation to do it, with no opposition or resistance to it.

2- The merger decision must be subject to economic, market, and social studies and address the imbalances that already exist within the banks wishing to merge.

3- A comprehensive evaluation and examination of all assets and liabilities of the banks involved in the merger process, as well as determining the shareholders' rights, assets, and liabilities that transfer to the merging banks.

4- Develop a realistic and practical vision for the stages of the merger process, and include the appropriate timetable for it, as well as prepare the internal environment to accept the merger process and the external environment to welcome it, and a time plan is drawn up to implement the merger process.

5- The name of the new banking entity, the brand, the members of the Board of Directors, and the banking services with which it will be dealt must be chosen.

6- Providing the financial and human resources and equipment necessary for the banking merger process.

7- That the merger process be carried out with the utmost precision and extreme care, and not overlook everything that might lead to trouble for the merging banks now or in the future.

8- Effective coordination between the merged banking units, regulations, laws, and decisions, while developing an internal network with a high degree of efficiency in communications (Darousi & Bouzaarour, 2014, pp. 139-140).

- Types of banking mergers:

Mergers and acquisitions are the most useful methods used by various companies to increase profitability, efficiency, and business expansion. However, the financial market and economic environment of the country play a pivotal role in developing fruitful mergers and acquisitions. For three decades, companies have been using this technique extensively as a strategic tool to restructure the sector. Banks. Initially, these trends were limited to the United States and the United Kingdom. However, the same pattern was adopted in developing countries,(Kishwar & Ullah, 2019, p. 113) and the types of banking mergers multiplied with

multiple motives and reasons, as well as future conditions and goals of the merger process. The most important of these types are:

A/ Classification of banking merger according to the relationship between the parties to the merger:

According to this criterion, mergers are divided into three types:

1- Voluntary banking merger: This type is known as a friendly merger that takes place with the approval of both the management of the merging bank and the merging bank. This merger takes place through identical will and common understanding between the boards of directors of the banks participating in the merger and with the aim of achieving a common interest.
2- Forced banking merger: This type takes place as a result of the default of one of the banks, forcing the monetary authorities in many countries to forcefully merge. This merger often takes place on an exceptional basis in accordance with conditions determined by the state's monetary authorities in order to serve the national economy in general and the banking sector in particular. Merger-forced banking is used as a safe haven for the technology of the banking system from troubled banks or those on the verge of bankruptcy and liquidation. This type of merger must take place through a law that encourages banks to merge in exchange for encouraging tax exemptions or by providing the merging bank with assistance loans in exchange for its pledge to bear all special obligations. In the merged bank (Ibn Atallah & Touati, 2017, pp. 87-88).
3- Hostile banking merger: This type takes place against the desire of the management of the bank targeted for the merger. It is an involuntary merger and adopts the concept of takeover. This type usually occurs when weak management controls the capabilities of a company with good potential. Therefore, strong and successful companies in the market set their sights on these companies to take over. It must replace the weak management with strong management that can optimally exploit the capabilities of this company (Hammad, 2001, p. 5).

B/ Banking merger in terms of the nature of the activity of the merged units (Oloye & Osuma, 2015, p. 26):

1- Horizontal merger: It takes place between two or more banks operating in the same type of activity or interconnected activities, such as commercial banks, investment banks, or specialized banks.
2- Vertical merger: It usually takes place between small banks, in different regions, and a main bank, which is usually a larger bank, as these small banks and their various branches turn into an extension of the main bank.
3- A mixed merger takes place between two or more banks operating in unrelated activities, i.e., it takes place between a commercial bank and a specialized bank, or between a specialized bank and an investment bank (Ibn Mansour & Ibn Maatouq, 2018, pp. 12-13).

C/ Banking merger according to other standards: The types of mergers according to other scientific standards and evidence are as follows (Abdul Qader, 2010, p. 113)**:**

1- Merger by gradual swallowing: This is done by one bank gradually swallowing another bank by purchasing a specific branch or branches of the bank that is being swallowed, then after a period another branch is purchased, and so on until all the branches and units of this bank are purchased, and this is done both in the global banking market. Or local.
2- Differential merger: It is a merger that takes place between various institutions included in one entity. It is a merger based on extension, expansion, increase, and size, and based on absorbing others. The basis of differential merger is that it is based on integration, diversity, extension, expansion, growth, and increase.

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3- Merger by acquisition and transfer of ownership: through purchasing the bank that is being merged or the merged one, and here this type occurs, whether suddenly or gradually.

4- Merger by absorption: through the purchase of banking operations themselves, such as operations related to securities portfolios, credit operations, debt securitization operations, and banking derivatives, and this is done sequentially until the final merger decision is taken.

5- Merger by annexation: It is based on a unified board of directors for the two banks together, with the new banking entity bearing their names together.

6- Merger by blending: by creating an optimistic combination between two or more banks to emerge a new banking entity, which is a mixture between the two banks or the merging banks, and thus the new bank bears a new name and a new brand.

The competitiveness of the bank

Definition of the bank's competitive ability. Competitive ability is defined as the distinct skill, technology, or resource that allows the bank to produce values and benefits for customers that exceed what competitors offer them and confirms its distinction and difference from these competitors from the point of view of customers who accept this difference and distinction. On the other hand, competitive ability is defined. It is the ability and opportunities of current and future banks to design, produce, and market products in their surrounding environments, whose price and non-price characteristics are more attractive than their competitors (Ibn Atallah & Touati, 2017, p. 91).

Banking merger approaches to achieve competitive advantage for banks: There are three main approaches (Benhammou & Sab, 2023, pp. 64-65):

1- A comprehensive and integrated encyclopedic approach: It deals with all aspects of merger and subjects them to careful research. It is a comprehensive approach that includes many other tools and methods, transforming them into basic axes and strategies qualified to build a strong competitive advantage, as this approach focuses on a comprehensive study of the banks to be merged.

2- The gradual, successive approach is a gradual approach to the merger process using a step-by-step policy to ensure its success or address all the imbalances that already exist in the merging banks. It also ensures that the merged entity is not exposed to any negative consequences and depends on:

   1) Develop a comprehensive and integrated strategy for a banking merger with all its advanced aspirations and goals and translate them into a comprehensive plan.

   2) Develop a standard timetable program to be implemented within the framework of the merger plan.

   3) Determine the operational tasks that must be followed in order to achieve successive gradual mergers.

3- The innovative, renewable approach: It depends on new forms and methods to achieve the merger process. This approach depends on the fact that the bank that is merging has innovation and development units responsible for searching for new and innovative ideas and forms for the banking merger process. The more innovative these units are, the more they can achieve an innovative merger. Higher and better, and then the impact of innovation, performance, implementation, and operation becomes the standard by which the success of the merger is measured. In addition, the use of any of these methods is determined according to the nature and personality of the people responsible for the merger process.

Competitiveness position after banking merger

The large-scale merger process is considered important for various policy areas, including competition policies to ensure market discipline and the effective performance of the financial sector, prudential policies

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to maintain stability, and monetary policies with regard to both liquidity management in the banking sector in implementing monetary policy and the monetary financing mechanism(Carletti et al., 2002, p. 36).

The importance of banks having a strong competitive ability to confront the effects of the globalization phenomenon has increased. Therefore, policies must be adopted that strengthen the competitive capabilities among banks to achieve better services. Among the policies that strengthen competitive capabilities is the merger policy between banks, as it affects the competitive capabilities of the merging banks in terms of the following:

1- Increasing the bank's capital and the size of deposits: Bank capital and deposits are considered the most important financing sources for commercial banks. Therefore, banks are keen to develop and increase them. The bank's capital can be increased through issuing new shares, through retained earnings, or through mergers, as mergers result in Restructuring the capital and unifying the shares, which increases the capital of the merged banks(Singh & Das, 2018, p. 25).

2- Reducing costs: The low cost of the bank's products allows it to continue achieving profits during periods of intense competition, and the low prices offered by cost-leading banks are used as a barrier to the entry of others into the banking activity, and therefore the low cost will enable banks to offer their products at a lower price. Achieving a satisfactory volume of profits, and then achieving a competitive advantage over other competitors.

3- Banking workforce efficiency: Banking mergers lead to the new bank acquiring qualified banking workers, either through its ability to spend on training and developing the skills of its employees or attracting new employees with high technical banking capabilities, which works to increase the competitiveness of the merged banks.

4- Quality of banking services provided: Quality in banking services is the main means to distinguish the bank's services from its competitors and to achieve competitive ability. Banks can reap many advantages if they provide high-quality banking services, as they can increase customer loyalty and push them to continue dealing with the bank. And reducing their sensitivity to the prices of services provided by the bank, which allows them to achieve a higher amount of profits and obtain a larger share of the market share (Gohlich, 2012, p. 12).

Methodology

This study dealt with the statistical analysis of questionnaire forms distributed to a random sample of bank managers in the city of Erbil, which amounted to 60 respondents, from which 54 questionnaires were retrieved suitable for analysis, based on the statistical program SPSS.

1.2: Statistical description of general information:

The study covered some general information for the respondents, summarized in Table (1) as follows:

Table (1): General information of the respondents

paragraph	Information	Choices	Number	Ratio
1	Gender	Male	33	61.1%
		Female	21	38.9%
2	Lifetime	25-30	3	5.6%
		31-40	18	33.3%
		41-50	15	27.8%
		51 or more	18	33.3%

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3. Methodology:
3.1 Sample of the study:
The study sample consists of randomly selected bank managers in Erbil (it is better here, to determine the selected banks).

3.2 Data type and sources:
The study collected data by distributing a questionnaire to 60 bank managers in Erbil. 54 responses were suitable for analysis.

3.3 The study variables:
The study used two variables which are the dependent variable and the independent variable. The independent represents the banking merger, while the dependent variable represents a competitive advantage.

3.4 The study method:
This study uses a descriptive analysis approach to discuss the role of banking mergers in achieving a competitive advantage. Additionally, econometric analysis is conducted to estimate the effect of banking mergers on achieving a competitive advantage using the quadratic regression model.

3.5 Data distribution test:

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4. EMPIRICAL RESULTS AND DISCUSSION
4.1 Statistical Description of General Information:

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3	Educational attainment	Preparatory school diploma	12	22.2%
			12	22.2%
			27	50%
		Bachelor's Master's	3	5.6%
4	Specialization	2	9	16.7%
		3	21	38.9%
		4	9	16.7%
		Other	15	27.8%
5	Number of years of service at the current site	10-15	27	50%
		16-20	24	44.4%
		More than 20 years	3	5.6%
6	Training courses in the field of banking management	Nothing	42	77.8%
		There are	12	22.2%
7	Number of employees in the bank	40-45	33	61.1%
		46-50	12	22.2%
		More than 50	9	16.7%
The Total			54	%100

The results of Table (1) show the following:

The first information: The study included the gender of the respondent, and the sample included (33) males, representing 61.1%, compared to 21 females, representing 38.9%.

Second information: The ages of the respondents ranged between (25) years and (51) years and above. The sample studied was distributed over the age period (25-30) years, with three individuals, with a percentage of 5.6%. The age period (31-40) years included (18) individuals, with a percentage of 33.3. %, the age period (41-50) years included (15) individuals, at a rate of 27.8%, and finally, the age period (51 years and over) included (18) individuals, at a rate of 33.3%.

Third information: Educational attainment is distributed between preparatory schools and a diploma for each in (12) banks, at a rate of 22.2%, a bachelor's degree in (27) banks, at a rate of 50%, and finally a master's degree in only three banks, at a rate of 5.6%.

Fourth information: Specialization is distributed among (2) in (9) banks, at a rate of 16.7%, specialization (3) in (21) banks, at a rate of 38.9%, specialization (4) in (9) banks, at a rate of 16.7%, and finally specialization (other) in (15) Bank, 27.8%.

Fifth information: The number of years of service in the current position is distributed between (10-15) years in (27) banks, at a rate of 50%, (16-20) years in (24) banks, at a rate of 44.4%, and finally the category (more than 20 years) in Three banks, at a rate of 5.6%.

Sixth information: (42) managers did not participate in training courses in the field of bank management, at a rate of 77.8%, compared to (12) managers who participated, at a rate of 22.2%.

Seventh information: The number of employees in the bank is distributed between (40-45) employees in (33) banks, accounting for 61.1%, (46-50) employees in (12) banks, accounting for 22.2%, and finally the category (more than 50) employees in nine banks. And by 16.7%.

2.2: Measuring questionnaire variables:

Commented [am83]: Education level

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Commented [am85]: Source: Prepared by researchers, depending on questionnaire data.

Commented [am86]: As shown in Table (1), the study sample consisted of 33 males, comprising 61.1% of the sample, and 21 females, comprising 38.9%. The age range of the respondents was from 25 years to 51 years and above. The age group of 25-30 years had three individuals, which represents 5.6%. The 31-40 age group had 18 individuals, accounting for 33.3%. The age group of 41-50 years had 15 individuals, accounting for 27.8%. Finally, the age group of 51 years and over had 18 individuals, accounting for 33.3%. In terms of the respondents' education level, 22.2% attained a diploma from a preparatory school, 50% obtained a bachelor's degree from 27 banks, and only 5.6% earned a master's degree from three banks.
Regarding the respondents' specialization, it divided among 54 banks as follows: two banks (16.7%) offer specialization in one field, 21 banks (38.9%) offer specialization in three fields, nine banks (16.7%) offer specialization in four fields, and finally, 15 banks (27.8%) offer specializations other than these.
The years of service in the current position are distributed as follows: 50% of employees have worked between 10-15 years in 27 banks, 44.4% have worked between 16-20 years in 24 banks, and only 5.6% have worked more than 20 years in three banks.
Regarding the participation of managers in training courses, out of the 54 bank managers, only 12 (22.2%) participated in management training courses, while the remaining 42 (77.8%) did not.
Finally, there are 33 banks with a workforce ranging from 40 to 45 employees, making up 61.1% of all employees. Additionally, 12 banks have 46 to 50 employees, accounting for 22.2% of the total workforce. Finally, there are nine banks with more than 50 employees, accounting for 16.7% of the total workforce.

The questionnaire included twenty items distributed equally over two variables, one of which was independent, representing banking merger (ten items), and the other dependent, representing competitive advantage. It also had ten items and was measured through (yes = 2) and (no = 1), and it was assumed that the hypothesized mean of the variable was equal to (1.5) On this basis, the questionnaire variables were measured as follows:

First: The independent variable: banking merger was measured by calculating the mean and standard deviation for each item as shown in Table (2):

Table (2): Measurement of the independent variable (banking merger)

T	Paragraph	Average	Standard deviation
x1	Banking merger is a way to increase profits	1.9444	.23121
x9	Tax protection arising from increased leverage	1.8889	.31722
x3	Banking merger gives banks the possibility of expansion and diversification in the provision of services	1.7778	.41964
x6	To achieve the goals of growth and expansion, some banks resort to mergers.	1.7222	.45211
x2	Banking merger helps cope with risks	1.6852	.46880
x5	Integration is currently necessary in light of the free global competition.	1.6667	.47583
x7	Providing a complete chain of banking services	1.6667	.47583
x10	Increasing the quality of banking services	1.5000	.50469
x8	Provide a periodic statement to customers with the required details that correspond to their privacy	1.5000	.50469
x4	Banking merger contributes to a change in energies and expansion in attracting deposits	1.5000	.50469
Rate		1.6852	0.4355

Source: From the work of the researcher.

Table (2) shows that the general mean of the independent variable (banking merger) reached (1.6852), which is higher than the assumed mean (1.5) by (0.1852), which indicates agreement of the sample studied of the banking merger items, and a limited standard deviation of (0.4355), which indicates convergence. The opinions of the researched sample and their lack of dispersion regarding the items measuring the independent variable.

The first paragraph, "Banking merger is a means of increasing profits," ranked first with a mean of (1.9444), which is higher than the hypothesized mean (1.5) by (0.4444) and a standard deviation of (0.2312), followed by the ninth paragraph, "Tax protection arising from increasing financial leverage," with a mean Agreement reached (1.8889), which is higher than the hypothesized mean (1.5) by (0.3889) and a standard deviation of (0.3172), while the rest of the paragraphs had lower averages. The paragraph (banking merger contributes to a change in capabilities and expansion in attracting deposits) comes in last place, with the agreement of most Sample members, this reflects the weak volume of bank deposits due to the lack of individuals' dealings with banks.

Second: The dependent variable: competitive advantage was measured by calculating the mean and standard deviation for each item as shown in Table (3):

Table (3): Measurement of the dependent variable (competitive advantage)

T	Paragraph	Average	Standard deviation
z7	Combined banks reduce administrative costs	1.8889	.31722
z9	Merged banks seek to reduce costs related to marketing banking services	1.8704	.33905
z1	Benefit from the services of specialists in various banking business, which ensures that the work is reduced from additional costs	1.8333	.37618
z3	Integrated banks adopt modern technology to suit the needs and desires of customers	1.7963	.40653
z8	Integrated banks coordinate and integrate functions, reducing costs	1.7778	.41964
z6	Reduce costs through expertise and practice	1.7222	.45211
z5	Low training and learning costs	1.6296	.48744
z10	Achieving a high concentration rate in the main and secondary banking markets	1.5370	.50331
z4	Merger banks are distinguished by providing modern services that differ from others	1.5000	.50469
z2	Merged banks focus on customer segmentation and on a specific category	1.5000	.50469
Rate		1.7056	0.4311

Source: From the work of the researcher.

Table (3) shows that the general mean of the dependent variable (competitive advantage) was (1.7056), which is higher than the hypothesized mean (1.5) by (0.2056), which indicates agreement of the sample studied with the competitive advantage items, and a limited standard deviation of (0.4311), which indicates convergence. The opinions of the sample studied and their lack of dispersion regarding the items measuring the dependent variable. The seventh paragraph, "Merged banks contribute to reducing administrative costs," took first place with a mean of (1.8889), which is higher than the hypothesized mean (1.5) by (0.3889) and a standard deviation of (0.31722), as administrative costs represent a burden for banks and when they merge, they are reduced, followed by The ninth paragraph, "The merged banks seek to reduce costs related to marketing banking services," had an average agreement of (1.8704), which was higher than the hypothesized mean (1.5) by (0.3704), and a standard deviation of (0.33905), while the rest of the paragraphs had lower averages. (Merged banks are distinguished by providing modern services that differ from others), (Merged banks focus on customer segmentation and a specific category) last place. These two paragraphs were not important during the merger process.

3.2: Data distribution test:

It can be confirmed that the data follows a normal distribution by using the chi-square test (Ali, T. H. 2019), on the basis of which the appropriate test for the study hypotheses will be determined, i.e., testing the following hypothesis:

Null hypothesis: The questionnaire variables follow a normal distribution.

Alternative hypothesis: The questionnaire variables do not follow a normal distribution.

The ready-made statistical program (Easy Fit) was used to test the above hypothesis under a significance level (0.05), and the most important test results are summarized in Table (4):

Table (4): Test of normal distribution of questionnaire variables.

Variables	Statistics	P-value	Tabular value
Independent Variable (Banking Merger)	**5.6391**	**0.228**	**9.4877**
Dependent variable (competitive advantage)	12.320	0.006	7.8147

Source: From the work of the researcher.

Table (4) shows that the chi-square test supports the normal distribution of the independent variable (banking merger) because the value of the test statistic is equal to (5.6391), which is less than its tabular value below the level of significance (0.05), and the degrees of freedom (3), which are equal to (9.4877), and this is confirmed by the p-value, which is equal to (0.228), which is greater than the significance level (0.05). The dependent variable (competitive advantage) does not follow a normal distribution because the value of the test statistic is equal to (12.320), which is greater than its tabular value, below the level of significance (0.05), and the degrees of freedom (4), which are equal to (7.8147), and this is confirmed by the p-value, which is equal to (0.006). It is less than the level of significance (0.05).

4.2: Testing the study hypotheses: The study examined the following hypotheses:

Null hypothesis: There is no agreement on the provisions of the banking merger.

Alternative hypothesis: There is agreement on the provisions of the banking merger.

Here, the existence of agreement on the items of the independent variable (banking merger) will be tested by the members of the researched sample, which included (10) items, based on the extent of their agreement with the study hypothesis, specifically testing the sample mean equal to the hypothesized mean (1.5) of the respondents' answers against greater than the hypothesized mean (1.5). On this basis, a parametric t-test was used (because the independent variable data follows a normal distribution from Table 4) and the results are summarized in the following table:

Table (5): t-test for the mean of the independent variable

Hypothetical mean = 1.5							
Independent variable	Arithmetic mean	Difference of the two middles	Standard average error	t Calculated	t Tabular	Degrees of freedom	P-value
Banking Merger	1.6852	0.1852	0.034	5.447	1.663	53	0.000

Source: From the work of the researcher.

From Table (5), we note that the average agreement with the hypothesis of representing the items of the independent variable of banking merger reached (1.6852), which is greater than the hypothesized average by (0.1852), while the p-value was equal to (0.000), which is less than the level of significance (0.05). The calculated t-value reached (5.447), which is greater than its tabulated value, below the level of significance (0.05), and degrees of freedom equal to (53), which amounted to (1.663), which means rejecting the null hypothesis and accepting the alternative hypothesis, which states that there is agreement on the banking merger items by the researched sample. Which has been tested and its results can be generalized to society as a whole.

Second hypothesis

Null hypothesis: There is no agreement on the items of the dependent variable (competitive advantage)

Alternative hypothesis: There is agreement on the items of the dependent variable (competitive advantage)

This test represents a comparison of the median (instead of the arithmetic mean because the dependent variable does not follow a normal distribution as in Table (2)) of the answers to the agreement on the competitive advantage items with the hypothesized median equal to (1.5), based on the nonparametric Wilcoxon test (Taha et al, 2021). The results are summarized in Table (6):

Table (6): Wilcoxon test on the mediator of the dependent variable

Hypothesized median = 1.5							
Arithmetic mean	Broker	Mediator teams	Standard error	Test Statistics	t Standard	P-value	The result
1.7056	1.700	0.200	84.845	981.5	5.734	0.000	Moral

Source: From the work of the researcher.

From Table (6), we notice that the average agreement answers with the competitive advantage items amounted to (1.7056), and the value of the agreement median was (1.700), which is greater than the hypothesized median (and mean) (0.200), with a standard error of (84.845) and a test statistic of (981.5).), while the p-value was equal to (0.000), which is less than the level of significance (0.05), and the standard t-value was equal to (5.734), which is greater than its tabular value (1.64), which means rejecting the null hypothesis and accepting the alternative hypothesis, which states that there is Agreement on the competitive advantage items according to the opinions of the sample studied, which was tested, and the possibility of generalizing its results to society as a whole.

The third hypothesis:

Null hypothesis: There is no effect of bank mergers in enhancing competitive advantage

Alternative hypothesis: There is an effect of bank mergers in enhancing competitive advantage

Banking merger represents the independent variable while enhancing competitive advantage represents the dependent variable. On this basis, the hypothesis will be tested by estimating the quadratic regression model (several linear and non-linear models were tested, the best of which was the quadratic model) and the coefficient of determination and testing them below the level of significance (0.05). The results are summarized in Table (7):

Table (7): Model of the impact of banking merger in enhancing competitive advantage

the teachers	Regression coefficients	p-values	F	p-value	R^2
Fixed value	2.476	0.000			
Slope of linear regression	-1.723	0.000	197.8	0.000	%88.6
Slope of squared regression	0.735	0.000			

Source: From the work of the researcher.

Table (7) shows that banking merger explains 88.6% of the changes occurring in enhancing competitive advantage, and the p-value of the linear and quadratic regression slope test is equal to zero, which indicates its significance and the importance of the presence of the banking merger variable (with its squares) in the estimated model. We also note that the calculated F-value is equal to (197.8), which is greater than its tabulated value, below the level of significance (0.05), and the degrees of freedom (2 and 51) amounted to (3.17). This means that the estimated quadratic model is appropriate to the data, and this is confirmed by the p-value, which is equal to zero, which is less than the level of Significant 0.05) Therefore, the null hypothesis will be rejected and the alternative hypothesis will be accepted, which states that there is a positive effect of banking merger in enhancing competitive advantage, which was tested and its results were generalized to the study population as a whole, and the quadratic regression model is as follows:

$$\hat{Z}_i = 2.476 - 1.723x_i + 0.735x_i^2$$

Conclusions:

1. The general average of the independent variable (banking merger) reached (1.6852), and a limited standard deviation of (0.4355) indicates the convergence of the opinions of the sample studied and their lack of dispersion regarding the items measuring the independent variable. The first paragraph, "Banking merger is a means of increasing profits," ranked first with an average of (1.9444), while the paragraph ((Banking merger contributes to a change in capabilities and expansion in attracting deposits) ranked last.

2. The general average of the dependent variable (competitive advantage) was (1.7056), and the seventh paragraph "merged banks contribute to reducing administrative costs" took first place with an average of (1.8889), while the two paragraphs (merged banks are characterized by providing modern services that differ from Other), (merged banks focus on customer segmentation and a specific category) ranked last. These two paragraphs were not important during the merger process.

3. It shows that the chi-square test supports the normal distribution of the independent variable (bank merger) because the value of the test statistic is equal to (5.6391). The dependent variable (competitive advantage) does not follow a normal distribution because the value of the test statistic is equal to (12.320).

4. Rejecting the null hypothesis and accepting the alternative hypothesis, which states that there is agreement on the banking merger items by the sample studied, which was tested, and the possibility of generalizing its results to society as a whole.

5. Banking merger explains 88.6% of the changes occurring in enhancing competitive advantage, and the p-value of the linear and quadratic regression slope test is equal to zero, which indicates its significance and the importance of the presence of the banking merger variable (with its squares) in the estimated model.

6. The calculated F-value is equal to (197.8), which is greater than its tabulated value under the level of significance (0.05) and the degrees of freedom (2 and 51), which amounted to (3.17). This means that the estimated quadratic model is appropriate to the data, and this is confirmed by the p-value, which is equal to zero, which is Less than a significance level of 0.05) Therefore, the null hypothesis will be rejected and the alternative hypothesis will be accepted, which states that there is a positive effect of banking merger in enhancing competitive advantage.

Recommendation:

1. Encouraging the trend towards banking mergers with the aim of creating stronger banking entities and the ability to face competitive risks and challenges.
2. Work to spread awareness of the importance of banking mergers in the banks of the Kurdistan Region and clarify the positive effects resulting from it.
3. The need to periodically evaluate the performance and indicators of banks operating in the Kurdistan Region with the aim of developing the banking sector system.
4. The region's banks must play a more effective role by providing loans of various types, financing economic projects, and expanding the establishment of productive projects.

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