ABSTRACT

Merger is considered as one strategy in facing global competition. Mergers can create potential synergies. However, mergers can also lead to inefficiencies entity. There are several factors that can affect the performance of banks post-merger such as earning diversification, asset quality, cost efficiency, capital adequacy, liquidity, replacement of inefficient management, and market share. The objective of this research is to analyzes the effect of earning diversification, asset quality, cost efficiency, capital adequacy, liquidity, replacement of inefficient management, and market share on the performance of the merged bank in Indonesia, Malaysia, Singapore, and Thailand. In addition, this study analyzes the position of the banks in the ASEAN region through a comparison of the performance of the merged bank in the State of Indonesia, Malaysia, Singapura and Thailand.

The sample in this research is the merged bank financial statements for the period 2005-2009. Total sample is 74 financial statement from 16 merged bank. This study analyzes the effect of earning diversification, asset quality, cost efficiency, capital adequacy, liquidity, replacement of inefficient management, and market share on the performance of the merged bank in Indonesia, Malaysia, Singapore, and Thailand by using regression analysis. This research also analyzes the position of the banks in the ASEAN region through a comparison of the performance of the merged bank in the State of Indonesia, Malaysia, Singapura and Thailand by using ANOVA test.

The results find that the earning diversification, capital adequacy and market share does not have significant influence on the performance of the merged bank. On the other hand, asset quality, cost efficiency and liquidity negatively affect the performance of the merged bank. While, replacement of inefficient management have a positive impact on the performance of the merged bank. In addition, studies have found empirical evidence that there is no significant difference between the performance of the merged bank in the State of Indonesia, Malaysia, Singapore and Thailand.

***Keywords*: *bank mergers,* earning *diversification, asset quality, cost efficiency, capital adequacy, liquidity, replacement of inefficient management, market share, the performance of the merged bank*.**