



**THE IMPACT OF FINANCIAL SECTOR MERGER
ON SHAREHOLDER RETURN**

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TABLE OF CONTENTS		PAGE
ACKNOWLEDGMENT		iv
LIST OF TABLE		vii
ABSTRACT		viii
CHAPTERS		
1. INTRODUCTION		1
1.0	Background	1
1.1	Financial Sector merger in Malaysia	2
1.2	Problem Statement	5
1.3	Objective	6
1.4	Significance of Study	7
1.5	Scope of Study	7
1.6	Limitations	8
1.7	Definition of Terms	10
2. LITERATURE REVIEW		12
2.0	Introduction	12
2.1	Merger and Acquisition	13
2.2	Impact of Merger on Shareholder return	14
2.3	Abnormal Return	15
2.4	Evidence relations to period of event window and Abnormal Return	16
3. RESEARCH METHODOLOGY AND DESIGN		17
3.1	Data Collection	18
3.2	Sampling Techniques	19
3.2.1	Sampling Size/Population	20
3.3	Procedure for Analysis of Data	22
3.4	Hypothesis	30
4. ANALYSIS AND INTERPRETATION OF DATA		32
4.1	Regression Analysis	32
4.2	Event Study	34
4.3	Paired Sample T-test	39

5.	CONCLUSION AND RECOMMENDATION	41
5.1	Conclusion	41
5.2	Recommendation	43
	REFERENCES	44
	APPENDICES	46
	Appendix 1- Average Abnormal Return (day -100 through +100)	46
	Appendix 2- Cumulative Average Abnormal Return (-100,+100)	51
	Appendix 3- Paired Sample T-test	52



ABSTRACT

This study focus on the reaction of abnormal return to the announcement of merger and acquisition of acquired firm especially for companies and bank that involve in financial industry. The objective of this study is to determine the impact of abnormal return before and after merger announcement. This study will using 30 companies and bank which is listed in Bursa Malaysia and involve in merger and acquisition. Time horizon is during 1998 until 2003 which is 6 years. The sample data are the 220 daily stock prices before and 100 daily stock price after merger announcement. This study using Event Study Method to examine the stock price reaction to the announcement of merger. This method determine the abnormal return and statistical test are using to test for their significant. For their significant this study using Paired Sample T-test. There are some previous researchers have concludes that there are positive abnormal return that earn by acquired firm before and after merger announcement. There are also some of them says oppositely which is negative effect.