

MERGERS AS A RESPONSE TO THE UPCOMING CHALLENGE ARISING FROM THE NEW CRD IV REQUIREMENTS-AN EFFECTIVE ALTERNATIVE? THE CASE OF GERMAN COOPERATIVE BANKS

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ABSTRACT

The upcoming Basel III accord in the EU will very likely result in a permanent deterioration of the profit situation of European banks. In this context, mergers would currently appear to provide an efficient solution that will help to alleviate the situation for banks by increasing their efficiency. However, past data on mergers amongst German cooperative banks show limited success. For this reason, this paper takes a look at the cooperative finance group of banks in Germany, and reveals potential problem areas as well as success factors involved in bank mergers, with the aim of tapping the desired synergy effects more effectively in the future and avoiding negative consequences for competitiveness.

Keywords: *Bank Mergers, Basel III, CRD IV Requirements*