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Opening the Black Box:

A Process model of routines and artefacts in cross-border financial services M&A

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Contents

Introduction

Every year, trillions of dollars are spent on corporate mergers and acquisitions, yet a persistent and sobering fact remains: the majority fail to deliver their promised value. This gap between strategic ambition and financial reality is particularly acute in the complex world of cross-border financial services, an arena defined by intense regulatory scrutiny, deep-seated institutional differences, and the challenge of valuing intangible, people-centric assets. This thesis investigates a critical but often-overlooked factor in bridging that gap: the specialized work of Transaction Services (TS), arguing that the key to understanding M&A success lies not in the deal's grand strategy, but in the granular, process-level routines and artefacts that make that strategy governable.

The core managerial problem this research addresses is one of attribution under complexity. While the literature provides strong theoretical lenses, **Transaction Cost Economics**, **the Resource-Based View**, and **Institutional Theory**, a practical gap persists. While the literature establishes these frictions and theories, it lacks a process-level account of how TS makes those frictions contractible, administrable, and executable in real deals, leaving a "black box" at the heart of M&A execution. Rather than chasing a single, elusive ROIC metric for TS, this study therefore pursues a process model that connects observable inputs (frictions) to the specific routines and artefacts that TS teams produce, linking them to intermediate outcomes like deal certainty and risk allocation.

To open this "black box," this thesis is guided by a central research question:

> **How do transaction services (TS), via specific routines that generate contractual, structural, and regulatory artefacts, mitigate deal frictions and enable value capture in cross-border financial-services M&A?**

The objective is to provide a process vocabulary and a set of testable, mid-range propositions that explain how TS routines translate diligence findings into enforceable terms and integration plans. The intended contribution is twofold: theoretically, it offers a process-oriented model suitable for future quantitative testing, managerially, it provides a practical framework for scoping TS mandates and evidencing their value through the tangible artefacts they deliver.

To answer this question, the thesis employs a qualitative, multiple-case study design, which is fit-for-purpose for an exploratory "how" question aimed at analytical generalization. The research is grounded in the empirical record of four landmark cross-border financial services transactions between 2021 and 2024 (Indosuez & Degroof Petercam, RBC & HSBC Bank Canada, BMO & Bank of the West, and Deutsche Bank & Numis). These cases provide a rich factual spine that is triangulated with primary data from in-depth, semi-structured interviews with senior practitioners across complementary roles. The analysis uses an abductive thematic approach against a literature-linked codebook (Frictions → Routines & Artefacts → Outcomes) to ensure a transparent and auditable chain of evidence from data to findings.

The thesis unfolds in six chapters. **Chapter 2** reviews the literature on M&A value creation, synthesizes the core theoretical frameworks, and identifies the research gap concerning the process-level role of TS. **Chapter 3** details the research methodology, justifying the case-study design, analysis model, and quality safeguards. **Chapter 4** presents the empirical findings, first detailing the factual record of the four cases before conducting a cross-case thematic analysis of the practitioner interviews. **Chapter 5** interprets these findings, placing them in a dialogue with theory, developing testable propositions, and discussing practical implications. Finally, **Chapter 6** concludes the thesis by summarizing its contributions, acknowledging its limitations, and outlining perspectives for future research and practice.

Literature review & conceptual framework

Theme 1: Theoretical foundations of value creation

1.1 The classic M&A synergy logic

Despite decades of research, value creation in cross-border financial services M&A remains notoriously unpredictable. The concept of synergy is universally touted as the primary driver, yet its promise frequently goes unfulfilled. This failure suggests that a simplistic view of synergy is insufficient. The aim of this chapter will be to understand the limits of existing literature and argue that a true understanding of value creation requires a multi-theoretic framework that moves beyond synergy alone. It will first establish the traditional synergy logic before demonstrating how resource-based and institutional theories provide a more nuanced explanation for M&A outcomes. Ultimately, this review will build the case that the gap between theoretical value and realized results is often bridged by the practical application of transaction services, a critical but under-theorized component in the M&A process.

The foundation of value creation theory in mergers and acquisitions rests on the concept of synergy, fundamentally expressed as the notion that "2 + 2 = 5", where the combined value of two firms exceeds the sum of their individual values (Karenfort, 2011). This synergy hypothesis emerged from early M&A scholarship and posits that mergers create value when the merged entity achieves outcomes superior to what the separate entities could accomplish independently.

Synergy in M&A arises when the value of the acquirer and target as a single entity exceeds the summed value of the two firms operating individually: Value[A+T] > Value[A] + Value[T] (Brealey, Myers, & Allen, 2020). This value creation is traditionally categorized into three distinct types: operational, financial and revenue, that have dominated academic and practitioner literature. It’s therefore important to note that when we talk about value, it is not only about the financial definition of value, but about value in all possible definitions.

Operational synergies are among the most immediate and measurable benefits arising from mergers and acquisitions (M&A). They primarily refer to cost efficiencies generated through economies of scale, economies of scope, and the elimination of redundant functions (Corporate Finance Institute, 2024). These synergies are particularly salient in horizontal mergers, where both firms often operate within the same industry and thus exhibit overlapping structures and functions.

In the context of financial services, operational synergies are typically realized through branch rationalization, consolidation of administrative processes, integration of IT systems, and harmonization of back-office operations (DePamphilis, 2019). For instance, by merging overlapping branches or offices, the combined entity can reduce fixed costs related to real estate, staffing, and infrastructure. Back-office integration further eliminates duplication in functions such as compliance, payroll, and accounting, enhancing organizational efficiency and agility.

Harmonization of information systems is another key aspect of operational synergy. Unified platforms reduce maintenance costs, improve data accessibility, and support more coherent decision-making across the merged organization (KPMG, 2011). Additionally, aligning procurement and vendor contracts post-merger enables better bargaining power and cost savings due to larger purchasing volumes: an illustration of economies of scale.

Importantly, the realization of operational synergies requires strategic planning, cultural alignment, and strong post-merger integration capabilities. While the anticipated cost reductions can drive a significant portion of deal value, failure to effectively integrate systems and processes may result in disruption and value erosion.

Overall, operational synergies are a core component of value creation in M&A, especially in horizontal transactions where overlapping assets and processes can be rapidly consolidated. When properly executed, they can significantly improve operating margins and strengthen the strategic position of the merged firm.

Financial synergies also represent one primary source of value creation in mergers and acquisitions (M&A). They arise when the combined entity is able to optimize its capital structure beyond what each firm could achieve independently increased debt capacity, tax advantages, and a lower cost of capital: factors that collectively enhance the overall valuation of the merged firm (Brealey, Myers & Allen, 2020).

A key driver of financial synergies is the potential for business diversification. When two firms combine, particularly through horizontal integration, the resulting entity may exhibit more stable and predictable cash flows. Such stability reduces the perceived risk faced by equity investors, thereby lowering the firm's cost of equity (Damodaran, 2005). Greater revenue diversification can also smooth earnings volatility, making the firm less sensitive to industry-specific shocks.

Additionally, merged firms often benefit from enhanced debt capacity. A larger, more diversified company may present a favorable risk profile to lenders, enabling it to borrow at lower rates or secure greater amounts of debt (Ross, Westerfield & Jaffe, 2019). This increased leverage capacity can amplify value through the tax shield on interest payments, a classic benefit in corporate finance.

Tax efficiency is another central component of financial synergies. A profitable acquirer may reduce its overall tax liability by utilizing the target's net operating losses (NOLs), provided the transaction satisfies regulatory conditions (Koller, Goedhart & Wessels, 2020). Furthermore, the ability to take on more debt post-merger enhances the tax deductibility of interest expenses, which further improves post-transaction cash flows and firm value.

In summary, financial synergies can significantly enhance the economic rationale for an M&A deal. When capital structure adjustments, tax optimization, increased debt capacity or more comfortable capital allocation are effectively realized, they contribute to a valuation premium that neither firm could capture independently.

Revenue synergies represent the potential for enhanced top-line performance following a merger or acquisition. Unlike cost-saving synergies, which focus on reducing expenses, revenue synergies are centered on increasing sales, improving customer reach, and enhancing the competitive positioning of the combined entity (Corporate Finance Institute, 2024). These synergies are often more difficult to quantify ex ante, but when successfully realized, they can significantly impact the strategic value of the transaction.

In the financial services sector, particularly within banking, revenue synergies commonly emerge from access to complementary customer segments, geographic market expansion, and the ability to cross-sell products across a broader client base (DeYoung, Evanoff & Molyneux, 2009). For instance, a merger between two banks operating in different regions may enable each to offer its financial products to the other's existing customers, thereby broadening market coverage without proportional increases in marketing or acquisition costs.

Furthermore, merged firms often benefit from an expanded product and service portfolio. This diversification enables them to address more complex client needs and capture additional wallet share from existing customers. Joint innovation efforts, enhanced brand strength, and integrated distribution channels can also contribute to increased revenue generation (Sirower, 1997). In competitive industries like banking, revenue synergies may lead to improved pricing power, a stronger market presence, and higher customer retention.

However, realizing revenue synergies requires careful coordination, cultural alignment, and strong integration of customer relationship management systems. Without effective implementation, the projected revenue uplift may fail to materialize or be offset by customer attrition and brand dilution.

Nevertheless, recent research challenges the simplistic additive nature of synergy assumptions. Feldman and Hernandez's (2022) comprehensive analysis reveals that synergy realization follows complex lifecycles and that the broad appeal of the synergy concept has led to a lack of systematic theoretical development. Their research introduces the concept of synergy lifecycles to explore how the timing of initial realization and the duration of gains vary across different synergy types, based on differences in post-merger integration required and the control acquirers have over combined assets (Feldman & Hernandez, 2022).

The empirical reality of synergy achievement presents sobering statistics. Research by Bain & Company indicates that 70% of companies announce higher synergy estimates than would be expected just by companies getting bigger (Bain & Company, 2015) . Additionally, studies consistently show that 70-90% of M&A transactions fail to meet their synergy objectives, primarily due to late identification, inadequate due diligence, and insufficient integration planning (Value Walk, 2021). A survey of 352 global executives found that overestimating synergies was cited as a major cause behind failed mergers by 55% of respondents, making it the second most common factor after poor due diligence (Bain & Company, 2015). This persistent gap between synergy forecasts and reality necessitates a shift in perspective, from the external market logic of the deal to the internal, firm-specific characteristics that determine whether value can truly be captured.

1.2 Resource-Based View and dynamic capabilities

The Resource-Based View (RBV), developed by Barney (1991), offers a powerful framework for understanding value creation in mergers and acquisitions. Unlike models that focus on external industry positioning, the RBV emphasizes the importance of a firm's internal resources and capabilities in generating sustainable competitive advantage. According to Barney, these resources must be:

- **Valuable**
- **Rare**
- **Inimitable**
- **Non-substitutable**

This set of conditions is known as the **VRIN** framework.

Resources under the RBV are broadly defined and include physical capital (e.g., proprietary systems or access to markets), human capital (e.g., expertise, experience, and networks, workers), and organizational capital (e.g., culture, routines, and internal structures). In the M&A context, this theory suggests that transactions create value not simply through market share expansion or economies of scale, but by combining complementary VRIN resources from both the acquirer and the target.

Empirical studies support this view. Eschen and Bresser (2005) argue that M&A performance improves when both firms possess strategically valuable resources that can be integrated to produce synergies unattainable individually. This challenges earlier perspectives that focused solely on the acquirer's capabilities (Eschen & Bresser, 2005).

In financial services M&A, most of the purchase consideration is allocated to goodwill and intangibles, in 2020, financial institutions recorded 46% to goodwill and 18% to identifiable intangibles making the RBV is especially relevant (Houlihan Lokey, 2021). Firms often pursue acquisitions to access non-replicable intangibles such as client databases, brand reputation, regulatory know-how, or proprietary algorithms. As Carmo and Marcondes (2016) show, the distinction between tangible-intensive and intangible-intensive targets can shape post-merger value realization strategies. For banks, insurance companies, and fintech's, leveraging these knowledge-based resources is central to long-term success (Carmo & Marcondes, 2016).

However, the RBV framework also exposes a critical challenge, especially in financial services where resources like brand trust and regulatory licenses are paramount: how can an acquirer accurately value and integrate intangible VRIN resources? These resources are not listed on a balance sheet, and their value is context dependent. This is where the theoretical lens of RBV meets the practical realities of deal-making. Specialized transaction services, such as brand valuation and regulatory due diligence, can be understood as the essential mechanisms for identifying, assessing, and enabling the integration of a target's VRIN resources. They are, in effect, the tools through which the principles of the Resource-Based View are operationalized in a high-stakes M&A environment.

While the Resource-Based View provides a powerful lens for understanding a firm's existing stock of valuable assets, it is relatively static**.** To understand how firms successfully acquire new resources and adapt in changing environments, we must turn to **Dynamic Capabilities Theory**. Developed by Teece et al. (1997) and refined by Teece (2007), this theory extends the RBV by focusing on a firm's abilities to 'integrate, build, and reconfigure internal and external competencies to address rapidly changing environments (Teece, 2007).

Teece's (2007) framework identifies three core dynamic capabilities essential for success:

- **Sensing**: The ability to identify and assess new acquisition opportunities and access sufficient information to evaluate targets. This includes scanning markets for opportunities, filtering and shaping opportunities, and maintaining vigilance to technological developments.

- **Seizing**: The capacity to mobilize resources and capture value from identified opportunities. This involves making decisions about resource allocation, selecting appropriate business models, and building competencies and capacities.

- **Transforming**: The capability to reconfigure assets and maintain competitive advantage through continuous renewal. This includes alignment and realignment of tangible and intangible assets, and orchestrating and managing complementarities.

In M&A contexts, dynamic capabilities theory explains how firms develop acquisition-specific competencies through learning and experience. Research demonstrates that firms with stronger dynamic capabilities achieve superior post-merger integration outcomes and value creation (Čirjevskis, 2019). The theory suggests that successful acquirers develop systematic approaches to identifying, evaluating, and integrating targets that enable them to repeatedly create value through acquisitions.

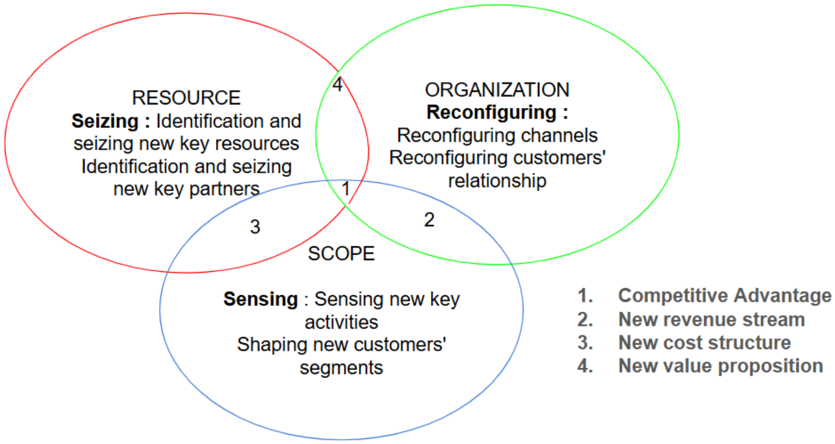

Figure 1.1. Conceptual model linking dynamic capabilities (sensing, seizing, reconfiguring) to business model reinvention in M&A, highlighting value creation and competitive advantage. *(Source: adapted and restructured from original framework by author. Teece 2007)*

For cross-border financial services M&A, dynamic capabilities become particularly critical given the complexity of navigating different regulatory environments, cultural contexts, and market structures. Firms must develop sensing capabilities to identify targets across different markets, seizing capabilities to structure deals that comply with multiple regulatory frameworks, and transforming capabilities to integrate operations across different institutional contexts (European Banking Authority, 2020).

1.3 Institutional and regulatory economics

Institutional Theory provides crucial insights into cross-border M&A value creation by examining how institutional distance affects transaction outcomes. North's (1990) institutional framework distinguishes between formal institutions (laws, regulations, property rights) and informal institutions (culture, norms, values) that shape transaction costs and organizational behavior (North, 1990).

Following North, institutions, formal and informal rules reduce uncertainty by structuring interactions and incentives. Because institutional effectiveness varies across countries, the challenges firms face (and the opportunities they can exploit) depend directly on local institutional quality (North, 1990).

Zhu et al.'s (2019) work is pivotal in demonstrating the potent, and sometimes contradictory, influence of formal and informal institutions. However, their focus remains on broad institutional configurations, leaving a gap in understanding how specific regulatory transaction costs within the financial sector mediate these effects. Informal institutions (collectivism and humane orientation) can facilitate post-acquisition integration and firm performance, while formal institutions (shareholder orientation and property rights protection) may constrain integration efforts (Zhu, Ma, Sauerwald, & Peng, 2019). Their research demonstrates that institutional configurations create complex interaction effects that significantly impact cross-border M&A success. The study shows that acquirers from countries with stronger collectivism and humane orientation achieve better post-acquisition performance, while those from countries with stronger shareholder orientation and property rights protection may face integration challenges.

For financial services M&A, institutional factors are particularly critical due to extensive regulatory oversight. Banking institutions must navigate multiple regulatory frameworks including Basel III capital requirements, Solvency II in Europe for insurance, prudential supervision, and foreign investment review processes. These institutional constraints directly influence deal structure, integration complexity, and ultimate value creation potential.

The concept of institutional distance, defined as the degree of similarity or dissimilarity between the regulatory, normative, and cognitive institutions of home and host countries, significantly affects cross-border M&A outcomes (Petersen & Lysholm, 2024). Research shows that greater institutional distance tends to increase transaction costs, uncertainty, and integration challenges, potentially reducing the likelihood of deal completion and post-merger performance.

To understand the economic impact of these institutional challenges, we turn to **Transaction Cost Economics (TCE)**. Originated by Coase (1937) and operationalized by Williamson (1975), TCE provides the micro-economic lens for analyzing the specific costs that arise from the institutional frictions, such as regulatory hurdles and information asymmetry, described above. This theory provides another foundational lens for understanding M&A value creation (Williamson, 1975). In 1937, Coase's seminal work explained that firms exist because they reduce transaction costs that emerge during production and exchange, capturing efficiencies that individuals cannot achieve through market mechanisms (Coase, 1937).

Transaction Cost Economics considers the transaction as the core unit of analysis and interprets governance structures as mechanisms designed to minimize the costs associated with conducting transactions (Williamson, 1975). These transaction costs, distinct from production costs, include expenses related to searching for information, negotiating and drafting agreements, monitoring compliance, enforcing contracts, and protecting proprietary knowledge.

Williamson's framework identifies three critical dimensions affecting transaction costs: asset specificity, uncertainty, and frequency (Williamson, 1985). Asset specificity refers to the degree to which investments are specific to a particular relationship and cannot be easily redeployed to alternative uses. High asset specificity creates lock-in effects that may justify vertical integration but also increases transaction complexity. Uncertainty encompasses both environmental uncertainty (unpredictable changes in market conditions) and behavioral uncertainty (difficulties in evaluating performance). Frequency refers to how often parties engage in transactions, with higher frequency potentially justifying more elaborate governance structures.

In M&A contexts, TCE suggests that mergers become preferable to market-based alternatives when the transaction costs of external contracting exceed the costs of internal coordination. M&A transactions inherently involve high transaction costs including due diligence expenses, negotiation complexities, regulatory approval processes, and post-merger integration challenges. For cross-border financial services M&A, these costs are amplified by regulatory complexity, information asymmetries, and cultural differences.

The abstract concept of transaction costs becomes tangible when viewed through an institutional lens. Research by Ferreira et al. (2010), for example, demonstrates how institutional factors directly impact the costs Williamson identifies. Their study shows that foreign institutional ownership can lower the behavioral uncertainty and information asymmetries between bidder and target firms, thereby reducing transaction costs and increasing the probability of a deal's success (Ferreira et al., 2010). In this view, sophisticated institutional investors act as a governance mechanism, building bridges across countries and mitigating the very frictions that make cross-border deals so challenging.

In isolation, each of these theories offers only a partial explanation for value creation in cross-border M&A. **S**ynergy theory explains the motivation for a deal, but its high failure rate reveals it as an incomplete, and often misleading, predictor of success. The Resource-Based View shifts the focus inward, correctly identifying that value resides in a firm's unique resources, while Dynamic Capabilities explain how firms can learn to acquire and integrate these resources over time.

However, these firm-level capabilities do not operate in a vacuum. **Institutional Theory** and **Transaction Cost Economics** provide the crucial context, demonstrating how institutional distance, regulatory hurdles, and information asymmetries create friction that can erode value, no matter how complementary the resources are. The theories are not competing; they are layered. Value creation is a function of having the right resources (RBV), the ability to integrate them (Dynamic Capabilities), and the capacity to do so within a complex and costly environment (Institutional/TCE).

This synthesis exposes a critical gap in the literature: while we understand the theoretical drivers and impediments, the practical, firm-level mechanisms used to navigate this complex landscape are under-examined. How do firms actively manage transaction costs? How do they assess VRIN resources across vast institutional distances? This thesis posits that the answer lies in the strategic use of specialized transaction services. Therefore, this literature review constructs the central argument for why an empirical investigation is necessary, positioning transaction services as the critical and under-theorized mechanism that bridges theoretical value potential and practical value realization in cross-border financial services M&A.

Theme 2: The cross-border M&A process in financial services

The journey of a cross-border M&A deal is a sequential process of managing uncertainty and unlocking value. Each phase, from initial strategy to final integration, presents distinct challenges that, according to the theories outlined in Theme 1, can be framed as a series of transaction costs, resource-based assessments, and institutional hurdles. This section analyzes the four-phase M&A lifecycle to argue that the intervention of specialized transaction services is the primary mechanism through which firms mitigate these theoretical risks and drive value creation in the complex environment of international finance.

2.1 Pre-deal phase: Strategy and target identification

The pre-deal phase lays the strategic groundwork for successful cross-border financial services M&A by clarifying transaction objectives and identifying suitable targets. This stage involves addressing core strategic questions and reducing information asymmetries that often hinder international deals. Empirical evidence suggests that firms engaging in structured, well-informed pre-deal planning are more likely to achieve favorable outcomes, particularly in complex and highly regulated sectors such as financial services (Buch & De Long, 2001)

Strategic objective and market assessment:

Cross-border M&A in financial services is driven by distinct strategic imperatives that differ from domestic transactions. We identified different key motivations: market entry and geographic expansion, economies of scale and scope realization, regulatory capital optimization, technology acquisition, and risk diversification (Brózda-Wilamek, 2023). Unlike domestic deals, cross-border transactions face heightened information asymmetries and regulatory complexities that require more sophisticated strategic planning (Erel et al., 2022).

The strategic development phase demands careful evaluation of the acquiring institution's readiness and resources, as inadequate preparation significantly increases failure risk (Han & Birhanu, 2022). Extensive evidence from banking and strategic advisory studies indicates that high-performing acquirers adopt a rigorous, disciplined approach to pre-deal planning long before identifying specific targets. These firms systematically articulate a clear deal thesis, define explicit performance metrics, and conduct in-depth assessments of internal capabilities to benchmark readiness. This structured preparation helps distinguish strategically coherent, value-creating opportunities from seemingly attractive but misaligned transactions. Notably, Bain & Company (2023) reports that frequent acquirers outperformed peers significantly, with shareholder returns rising from 57% in the 2000–2010 period to 130% between 2010 and 2022, highlighting the long-term value of strategic M&A discipline (Bain & Company, 2023). When using these metrics, we must keep in mind that during the 2010's, the Great Financial Crisis struck the world and highly influenced transactions at that time.

Target identification and screening frameworks:

Target identification and screening frameworks in cross-border financial M&A must transcend traditional financial metrics. While early 2000s practices often relied heavily on a Quality of Earnings audit, which analysts likened to driving by the rearview mirror, modern acquirers employ multi-dimensional screening processes (Bain & Company, 2023). These include assessments of strategic alignment, creditworthiness, regulatory compatibility, and especially cultural fit, which has been shown to significantly influence integration success (Denison & Ko, 2016; Brede et al., 2024). In cross-border settings, effective screening also demands evaluating targets against diverse regulatory environments, accounting standards, and market structures, particularly in the financial sector where misaligned regulatory frameworks can derail deal execution.

Studies of European cross-border banking M&A reveal that target banks tend to be specialized in investment and market activities, while acquiring banks typically approach the universal banking model (European Central Bank, 2009). This pattern suggests that cross-border deals often aim to acquire specific capabilities or market access rather than pursuing simple scale effects. The identification process must therefore assess not just financial performance but also the strategic value of specific capabilities, customer relationships, and market positions.

Transaction services within the pre-deal phase:

From the perspective of Transaction Cost Economics (Williamson, 1975), the pre-deal phase is defined by high search and information costs. Acquirers face significant uncertainty about the quality and strategic fit of potential targets, particularly in unfamiliar foreign markets. Here, transaction services provide a direct solution. By conducting pre-deal evaluations and public domain due diligence (PwC, 2020), these services act as a governance mechanism to reduce information asymmetries and lower the transaction costs of screening. Furthermore, by providing objective assessments, they help firms avoid pursuing targets whose resources, while seemingly valuable, would not qualify as rare, inimitable, or non-substitutable (VRIN) within the acquirer's strategic framework (Barney, 1991). The significant delta in success rates, 80% for firms that integrate TS professionals early versus 54% when involvement is limited, can thus be interpreted as empirical validation of the value created by managing these initial transaction costs (PwC, 2020).

The pre-deal phase in cross-border financial M&A notably relies on specialized regulatory feasibility assessments to identify jurisdiction-specific approval risks before significant resources are committed. This has become especially critical as regulatory clearance now constitutes the longest critical-path item in many international transactions. According to McKinsey & Company (2024), complex cross-border deals often experience delays of six to fifteen months due to extended regulatory scrutiny, particularly when involving multiple jurisdictions, financial services, or national security reviews (McKinsey & Company, 2024). Early-stage analysis of potential antitrust, financial supervisory, and foreign investment review risks is essential to avoid costly delays, renegotiations, or outright deal abandonment (OECD, 2020). Proactively engaging with relevant authorities, such as the U.S. Federal Reserve, European Central Bank, or competition regulators can facilitate more efficient approval processes, especially in transactions subject to the Hart–Scott–Rodino Act or foreign direct investment screening mechanisms (UNCTAD, 2023).

2.2 Deal execution phase: Due diligence and valuation

The deal execution phase represents the most intensive period of value creation and risk mitigation, where transaction services play their most visible and impactful role. This phase encompasses comprehensive due diligence, sophisticated valuation analysis, and the complex negotiations that determine deal structure and pricing. The cross-border dimension adds significant complexity through multiple regulatory jurisdictions, currency considerations, and varying accounting standards (Han & Birhanu, 2022).

Multidimensional due diligence in cross-border financial M&A:

Due diligence in cross-border financial services M&A extends far beyond traditional financial analysis to encompass regulatory, operational, and cultural assessments. Cross-border transactions inherently present increased complexity compared to domestic deals due to regulatory variations, language barriers, divergent accounting principles, and conflicting legal frameworks (Erel et al., 2022). This complexity necessitates specialized expertise and systematic approaches to information gathering and analysis.

Financial due diligence in banking requires extensive analysis of loan portfolios, capital adequacy, asset quality, and stress-testing under different regulatory scenarios (European Central Bank, 2009). The cross-border dimension adds currency risk assessment, consolidation complexities under different accounting standards (GAAP vs. IFRS), and evaluation of regulatory capital requirements across multiple jurisdictions. Transaction services providers create value by standardizing analytical approaches and providing independent validation of management projections and assumptions.

Regulatory due diligence has become increasingly critical as financial institutions must navigate home and host country prudential requirements, merger control filings, anti-money laundering assessments, and foreign investment review processes, even more after the catastrophic events of the Great Financial Crisis and the underlying reasons that lead to such a downfall (Han & Birhanu, 2022). The complexity of this regulatory landscape means that specialized transaction services are essential for identifying compliance gaps, assessing approval timelines, and structuring deals to maximize regulatory approval probability.

<u>Valuation methodologies in a cross-border context:</u>

Cross-border valuation in financial services requires sophisticated methodologies that account for currency considerations, country risk premiums, regulatory differences, and varying market conditions (Brózda-Wilamek, 2023). Traditional valuation approaches must be adapted to address exchange rate volatility, different discount rate assumptions, and the impact of regulatory capital requirements on pro-forma financial projections.

To address these complexities, firms increasingly rely on the Adjusted Present Value (APV) method, which separates the core operating value of the target from financing and tax effects, thereby offering more granular transparency than conventional Net Present Value (NPV) approaches (Lessard, 2005). Recent literature further emphasizes that effectively pricing political and regulatory risk, reconciling accounting discrepancies, and integrating currency volatility models are essential components for robust cross-border M&A valuation frameworks (Hijzen et al., 2009; OECD, 2024).

The complexity of cross-border financial services valuation necessitates professional transaction services to ensure accuracy and defend valuations to shareholders and regulators. Studies show that deals with comprehensive professional valuation support achieve faster closing times and superior returns, reflecting the value of rigorous analytical frameworks and independent validation of deal economics (PwC, 2020).

Integration of due diligence and valuation:

The value of transaction services in this phase is most potent when due diligence is tightly integrated with valuation and structuring. Leading practitioners argue for this integrated approach (Bain & Company, 2018; BDO, 2024) because it directly addresses the problem of behavioral uncertainty outlined by Transaction Cost Economics. Rather than a simple verification exercise, integrated due diligence becomes a forward-looking risk assessment, translating operational, legal, and regulatory findings into concrete adjustments in valuation models and deal terms. This process is critical for accurately pricing a target's intangible VRIN resources, such as its brand reputation or proprietary technology (Barney, 1991), which are otherwise difficult to quantify. By providing a holistic view of risks and opportunities, integrated transaction services prevent the value destruction associated with the 'winner's curse': overpaying for an asset due to incomplete information.

The integration process also facilitates early identification of synergy opportunities and integration challenges, enabling acquirers to develop more realistic value creation plans and integration timelines. This forward-looking perspective distinguishes professional transaction services from purely backward-looking due diligence exercises and creates substantial value for acquirers navigating complex cross-border deals.

2.3 Deal completion phase: Negotiation and structuring

The deal completion phase transforms analytical insights into binding legal agreements while navigating the complex regulatory approval processes that characterize cross-border financial M&A. This phase requires sophisticated structuring expertise to optimize tax efficiency, manage regulatory requirements, and allocate risks appropriately between parties. Transaction services play a critical role by translating due diligence findings into the specific contractual artefacts, negotiating positions, risk allocations, and deal structures that maximize value while ensuring successful completion (Han & Birhanu, 2022).

Deal structuring and optimization:

Cross-border M&A deal structuring in financial services must balance multiple competing objectives including tax efficiency, regulatory compliance, risk allocation, and operational effectiveness. The choice between asset acquisitions, stock purchases, or merger structures carries significant implications for tax treatment, liability exposure, and regulatory approval requirements (European Central Bank, 2009). Each structure presents distinct trade-offs that must be evaluated in light of the specific transaction dynamics and strategic objectives.

OECD identifies key structuring considerations including the jurisdiction and corporate form of acquisition vehicles, the legal form of the transaction, the form and timing of consideration payment, governing law selection, and market practice considerations (OECD, 2000). Cross-border transactions add complexity through multiple tax jurisdictions, foreign investment regulations, and varying corporate law requirements that must be carefully coordinated.

Transaction services create value by analyzing these structural alternatives and recommending optimal approaches based on comprehensive assessment of tax, regulatory, financing, and operational factors. Professional structuring advice enables acquirers to minimize total transaction costs while maximizing strategic flexibility and value realization potential.

Negotiation dynamics and risk allocation:

While pricing is one of the main aspects of negotiation, it is also about governance structure to allocate risk in an environment of high uncertainty and information asymmetry (Williamson, 1979). Contractual provisions such as representations, warranties, and termination fees are the primary tools for managing these risks. In the high-stakes context of cross-border financial M&A, where institutional distance (North, 1990) and regulatory hurdles amplify uncertainty, these governance mechanisms become even more critical. The finding that break-up fees are significantly higher in these transactions, averaging 2.7% of value (Houlihan Lokey, 2022) and featuring novel compensation structures (Reuters, 2024) is empirical evidence of elevated perceived transaction costs. Transaction services add value here by providing the objective analysis and market benchmarks needed to calibrate these contractual safeguards, ensuring that the acquirer is adequately protected without making the deal unattractive to the seller.

Transaction services enhance M&A negotiations by supplying objective analysis of deal risks, benchmarking transaction terms, and delivering specialized expertise on technical issues. Ernst & Young, describes how its transaction advisory teams support clients throughout the entire deal lifecycle, including negotiation, by validating financial assumptions, comparing offer terms to market norms, and advising on areas such as regulatory compliance, valuation adjustments, and cybersecurity due diligence (EY-Parthenon, 2025). This integrated support enables acquirers to negotiate from a position of strength and reduces the likelihood of deal failures stemming from misaligned expectations or overlooked liabilities.

Regulatory approval navigation:

Regulatory approval processes represent a critical execution risk in cross-border financial services M&A, frequently driving deal timelines to two years or more. Indeed, analysis by Accenture (2024) indicates that complex deals now often encounter extended review periods spanning 12–24 months, especially when multiple agencies and jurisdictions are involved (Accenture, 2024). By comparison, across sectors, large deals (> $2 billion) averaged about 191 days (~6 months) from signing to close in 2022, underscoring how financial-services approvals often run much longer (Simon & al., 2024). U.S. banking regulators, including the FDIC, OCC, and Federal Reserve, evaluate proposed bank mergers using five principal factors: competitive effects, financial and managerial resources, financial stability risk, community convenience and needs, and anti-money laundering/CRA compliance (PwC, 2024; Morgan Lewis, 2024). These factors reflect the depth of review and the regulatory complexity inherent in financial-sector transactions, which often leads to elevated failure risk or drawn-out conditions.

The complexity increases substantially in cross-border transactions where home and host country regulators must coordinate reviews, foreign investment committees may require separate approvals, and multiple regulatory frameworks must be satisfied simultaneously. Inadequate regulatory preparation is a leading cause of deal delays and failures in cross-border financial M&A (Han & Birhanu, 2022).

Transaction advisory services significantly enhance regulatory approval outcomes in cross-border M&A by preparing comprehensive filings, proactively engaging with regulators, and coordinating across multiple jurisdictions. Deloitte highlights that early involvement of regulatory advisory teams can shorten review timelines, reduce the likelihood of unexpected objections, and improve overall deal certainty. These services provide advanced technical analysis, jurisdiction-specific guidance, and credible regulatory documentation that help acquirers navigate complex approval pathways with greater confidence (Deloitte, 2024).

In sum, deal completion in cross-border financial services M&A is about turning diligence into enforceable terms and optimal structures while balancing tax, regulatory, and risk objectives. Transaction Services are the lever that calibrates terms, designs structures, and orchestrates multi-jurisdictional approval strategies, crucial in a sector where reviews often run far longer than the market average. Early, integrated advisory involvement materially raises deal certainty and protects value at signing and close.

2.4 Post-deal phase: Integration and value realization

The post-deal phase ultimately determines whether the strategic rationale and financial projections underpinning a transaction translate into meaningful value creation. Evidence from multiple reputable studies indicates that integration challenges such as: synergy identification and realization, integration management and governance are the primary cause of merger failure, with failure rates ranging from 70% to 90%, even in cases where strategic logic appeared sound (Christensen et al., 2011; McKinsey, 2009). These risks are amplified in cross-border financial services M&A due to the need for regulatory coordination, cultural alignment, and operational harmonization across diverse market structures, significantly increasing the likelihood of synergy shortfall absent rigorous integration planning.

Integration management and governance:

Successful post-merger integration requires sophisticated governance structures and systematic approaches to managing complex, multi-workstream integration programs. Best practice calls for establishing Integration Management Offices (IMOs) to coordinate over 20 functional workstreams and track synergy realization progress (PwC, 2020). The IMO serves as the "central nervous system" of integration, providing resource governance, progress tracking, and escalation mechanisms for critical issues.

Cross-border integration adds complexity through time zone differences, language barriers, cultural variations, and regulatory coordination requirements. Research on cross-border banking integration emphasizes that building broad organizational culture involving human resource management, decision-making, technology, competitiveness, and customer relationships is necessary but costly and difficult (European Central Bank, 2009). Success requires creating new cultural identities with unique values and perspectives rather than simply imposing one organization's culture on another.

Transaction services create value during integration by providing IMO setup and governance, integration planning expertise, and objective progress monitoring. Professional integration support helps ensure that complex cross-border programs maintain momentum and achieve targeted outcomes within planned timeframes.

Synergy identification and realization:

Synergy realization in cross-border financial M&A requires systematic approaches to identifying, quantifying, and capturing value creation opportunities. Research identifies that financial synergies are becoming relatively more important since the global financial crisis, particularly during periods of credit stress when capital market access is restricted and cost of capital is elevated (European Central Bank, 2009). These synergies include cost of capital improvements, tax optimization, and enhanced financial flexibility through improved market access and credit ratings. In 2022–2024 this pressure was tangible: the ECB's rapid tightening took the deposit facility from negative territory to a 4.00% peak in 2023 (before easing in 2024), while EU business bankruptcies hit their highest level since the data series began in Q2 2023 underscoring why funding resilience and capital flexibility rose to the fore (European Central Bank, 2025; Eurostat, 2023).

Operational synergies in cross-border banking typically manifest through economies of scale, best practice adoption, and elimination of redundancies (Brózda-Wilamek, 2023). However, realizing these synergies requires careful balance between integration efficiency and maintaining business continuity across different markets and regulatory environments. Research shows that successful synergy realization demands comprehensive action plans with clear ownership, detailed timelines, and rigorous monitoring frameworks.

Transaction services support synergy realization through detailed synergy assessment, capture planning, and ongoing monitoring services. Professional synergy support enables organizations to translate theoretical synergies into tangible financial benefits while maintaining operational stability during complex integration processes.

Cultural and operational integration:

Cultural and operational integration presents a critical hurdle in cross-border financial services M&A. Perhaps the most critical hurdle in cross-border M&A is cultural and operational integration. Indeed, organizational cultural misalignment is frequently cited as a primary obstacle, contributing to an estimated 30-60% of all synergy shortfalls (Denison & Ko, 2016). While often seen as a 'soft' issue, organizational culture can be understood theoretically as a firm's informal institution (North, 1990) and a core component of its organizational capital (a key VRIN resource).

The consistent finding that cultural misalignment destroys value underscores a critical point: the seeds of post-deal failure are often sown in the pre-deal phase. When screening and due diligence fail to adequately assess these intangible factors, the result is a clash of norms and values that makes synergy realization nearly impossible. Therefore, transaction services specializing in cultural diagnostics and integration planning are not merely an operational aid; they are a strategic necessity for safeguarding the human and organizational capital being acquired, especially in financial services where differing risk cultures and service philosophies can be particularly pronounced (OECD, 2000).

Effectively integrating culture requires deliberate processes: identifying cultural differences early, aligning values and operating principles, and forging a unified identity that harnesses strengths from both legacy firms. Such systematic cultural integration efforts are associated with significantly better post-merger outcomes in terms of employee retention, operational continuity, and value realization (Denison & Ko, 2016).

Measurement and value tracking:

Effective integration monitoring requires rigorous frameworks that quantify progress against predefined financial and operational benchmarks. Research emphasizes that synergy tracking must leverage clearly defined performance indicators aligned with initial synergy targets to ensure transparency and accountability (PwC, 2020). These indicators typically encompass cost savings, revenue enhancement, process efficiencies, and customer retention metrics.

Systematic data collection and real-time reporting enable early identification of deviations and timely corrective actions. Establishing centralized synergy tracking dashboards consolidates information, facilitates cross-functional collaboration, and supports strategic decision-making throughout the integration process. Professional transaction services support these efforts by providing monitoring frameworks, performance analytics, and variance analysis that enable management teams to maintain integration focus and adapt to evolving post-merger dynamics.

Synthesis: Transaction services as a strategic governance function

This analysis of the M&A lifecycle demonstrates that value creation in cross-border finance is fundamentally a process of navigating theoretical frictions. The journey from strategy to synergy is not linear but is punctuated by the challenges of information asymmetry (TCE), the difficulty of assessing intangible resources (RBV), and the complexities of traversing institutional distance (Institutional Theory). At each phase, the potential for value destruction is a significant risk.

Consequently, this review argues that transaction services must be conceptualized as more than mere operational support; they function as a critical strategic governance mechanism. In the pre-deal phase, they reduce the search and screening costs central to TCE. During deal execution, they provide the analytical rigor to validate and price a target's VRIN resources, preventing the winner's curse. In the completion and post-deal phases, they supply the expertise to design effective contractual safeguards and integrate the complex organizational capital and informal institutions that ultimately determine a deal's success.

By mapping the M&A process through this multi-theoretic lens, the indispensable role of transaction services becomes clear. They are the professional intermediaries that allow firms to translate theoretical value into realized returns. They mandatorily assess the risks explained here above to increase a successful completion of the merger. Having established the critical demand for these interventions across the M&A lifecycle, the following section will now examine the supply side: the structure, scope, and evolution of the transaction services ecosystem itself.

Theme 3: Transaction services ecosystem

Where the preceding chapters established the theoretical challenges of M&A and the stages where value is at risk, this chapter examines the solution: the transaction services (TS) ecosystem. This analysis will map the ecosystem's traditional and emerging capabilities to demonstrate how this supply of specialized advisory services directly addresses the demand for managing transaction costs, assessing intangible resources, and navigating institutional distance in the complex landscape of international financial services M&A.

3.1 Scope of traditional transaction services

3.1.1 Financial due diligence as the foundation:

Financial due diligence (FDD) now couples accounting validation with a forward-looking analysis of revenue quality, cost structure, working-capital discipline, and cash-flow generation to surface risks and value levers (BDO, 2025). In cross-border financial services, scope extends to loan-book quality, regulatory-capital adequacy, and compliance with capital/liquidity regimes (e.g., Basel III). Conceptually, FDD reduces information asymmetry (TCE) while assessing the target's valuable, hard-to-imitate resources and dynamic capabilities for future performance (Barney, 1991; Teece, 2007). Practitioners integrate these findings into value-creation theses that inform pricing and integration design (ICAEW, 2024; Bain & Company, 2019; PwC, 2019; EY, 2023).

3.1.2 Tax due diligence and structuring

TDD evaluates how the target's tax posture affects price, structure, and value identifying exposures (e.g., transfer pricing, withholding/indirect taxes), validating attributes (NOLs, credits), and modelling outcomes across asset vs. share/merger forms (Deloitte, 2024; PwC, 2023). On structuring, TS teams optimize acquisition vehicles and consideration mechanics under anti-avoidance constraints (interest-limitation rules, CFC regimes) that directly shape after-tax cash flows (OECD, 2016). Evidence shows tax-system design (e.g., CFC strictness) influences cross-border M&A attractiveness, reinforcing the need for tax-aware structuring (von Hagen & Prettl, 2017).

3.1.3 IT and operational due diligence

In financial services, IT due diligence assesses core-banking platforms, cybersecurity, regulatory/AML systems, data governance, and cloud strategy to gauge integration feasibility and risk (BDO, 2025; Deloitte, 2025). Operational DD examines processes, organizational capabilities, risk management, and compliance operations highlighting integration hurdles and synergy opportunities in customer journeys and control frameworks (Kaizen Institute, 2025). Together, these workstreams quantify technology/operational risks most likely to erode value post-close and frame mitigation in the integration plan.

3.2 Emerging transaction services capabilities

3.2.1 Environmental, Social, and Governance (ESG) due diligence:

ESG due diligence has rapidly evolved from a niche consideration to an essential component of modern transaction services, driven by regulatory requirements, investor expectations, and stakeholder demands for sustainable business practices. Research by BCG and Gibson Dunn reveals that ESG due diligence is now considered indispensable for M&A transactions, with dealmakers reporting that ESG assessments can protect up to 10% of deal value while providing insights crucial for risk mitigation and value enhancement (BCG, 2024).

ESG due diligence encompasses comprehensive evaluation of environmental risks including climate change exposure, carbon footprint assessment, and environmental compliance verification but also social factors including labor practices, community impact, and stakeholder relationships with other dimensions such as governance elements including board effectiveness, executive compensation, and risk management frameworks (Neotas, 2025). For financial services institutions, ESG assessment includes specialized considerations such as sustainable finance capabilities, climate risk management, diversity and inclusion programs, and responsible lending practices. Theoretically, these ESG factors represent a firm’s alignment with prevailing societal norms, a key type of informal institution and are a major component of its intangible reputational resources (RBV) (North, 1990).

The integration of ESG considerations into transaction services reflects broader market trends toward sustainable investing and regulatory compliance. European Union directives including the Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (CSRD) require comprehensive ESG disclosure and due diligence, making ESG assessment mandatory rather than optional for many transactions (KPMG, 2023). Research indicates that 90% of M&A actors surveyed specify that ESG criteria will receive increased attention in their transactions over the next three years, compared to 72% in the previous year's survey (Grant Thornton, 2023).

3.2.2 Artificial intelligence and advanced analytics

The integration of artificial intelligence (AI) and advanced analytics represents the most significant technological shift in the transaction services ecosystem, transforming both the speed and strategic depth of due diligence. Research indicates that generative AI adoption is poised for explosive growth in M&A, primarily for due diligence applications, reflecting its ability to analyze vast datasets and generate insights at an unprecedented scale (Bain & Company, 2025).

This technological wave enables a range of powerful applications that move due diligence from a historical check to a predictive risk assessment. Table 3.1 summarizes these core technologies and their specific roles, from automated contract review using Natural Language Processing (NLP) to predictive risk-scoring with machine learning models.

Key technologies enabling AI-driven due diligence

Technology	**Role in due diligence**
NLP & Text mining	Contract review, policy and clause analysis,
Machine Learning Models	Pattern detection, risk scoring, predictive analytics or even risk assessment
OCR	Scanning and digitizing documents for automated analysis
Data Visualization tools	Dashboard and reporting (e.g. PowerBI)
AI Risk Intelligence APIs	Automated checks against litigation, sanctions and news

Table 3.1. Example of key technologies enabling AI-driven due diligence (*Note.* Adapted from "How AI will impact due diligence in M&A transactions" (EY, 2024) and "Artificial intelligence and mergers and acquisitions" (Deloitte, 2024)).

However, leading practitioners emphasize that the true value lies in creating a "bionic" operating model that augments, not replaces, human expertise (Boston Consulting Group, 2020). While technology provides the computational power to process information, human judgment, industry knowledge, and professional skepticism remain essential for interpreting the strategic implications of the findings and translating them into actionable commercial advice (McKinsey & Company, 2024). This synthesis of human and machine is the new frontier of value creation in transaction services.

3.2.3 Digital transformation and technology advisory:

Digital transformation advisory has become a distinct transaction-services capability, extending technology due diligence beyond risk checks to a value and capability lens. Leading practices now assess a target's digital maturity and scalability, technology roadmap and integration feasibility, digital customer-engagement capabilities, and data/analytics infrastructure, so that findings flow into valuation, deal design, and Post-Merger Integration plans (PwC, n.d.; KPMG, n.d.; Deloitte, 2018, 2024). In financial services, this often centers on fintech platforms, digital banking stacks, trading/automation systems, and AI-enabled use cases (McKinsey & Company, 2023; Bain & Company, 2025). KPMG further notes that data analytics is now a deal "game-changer," with acquirers investing to embed AI/analytics in diligence and post-deal value creation (KPMG, 2025).

The scope of digital transformation advisory includes evaluation of existing technology investments, assessment of digital transformation initiatives in progress, identification of technology-driven value creation opportunities, and analysis of competitive positioning relative to digital innovation (EY, 2024). This analysis is particularly relevant in financial services where technological capabilities increasingly determine market position and growth prospects.

Professional digital transformation advisory creates value by identifying technology-related synergies, assessing integration requirements for digital platforms, and evaluating the potential for technology-driven revenue growth. Research shows that companies with superior digital capabilities achieve substantially higher valuations and growth rates, making digital assessment an essential component of comprehensive due diligence. Successful digital transformations allow organizations to realize 12.5 times the market cap increases compared to their competitors (Deloitte, 2024).

3.3 Evolution of transaction services market structure and fee models

3.3.1 Market growth and competitive dynamics:

The transaction advisory services market has experienced robust growth, with the global market valued at USD 25 billion in 2024 and projected to reach USD 45 billion by 2032, representing a compound annual growth rate of 9% (Future Data Stats, 2024). This growth is driven by increasing M&A activity, greater transaction complexity, heightened regulatory requirements, and the need for specialized expertise in navigating cross-border deals.

The market structure is divided between the "Big Four" professional services firms (Deloitte, EY, KPMG, PwC) alongside investment bank boutiques like Rothschild & Co., Goldman Sachs or JPM but also the MBB (McKinsey & Company, Bain and Boston Consulting Group). Those players leverage their global networks, industry expertise, and comprehensive service capabilities to capture a significant share of large cross-border transactions. According to the Economic Times, M&A league tables for 2018-2022, the Big Four firms participated in 500 M&A deals, including 133 undisclosed deals, demonstrating their growing prominence in investment banking activities (Economic Times, 2022). From a Transaction Cost Economics perspective, the dominance of these large, integrated players can be explained by their ability to reduce the coordination costs that clients would incur by hiring multiple boutique advisors for different workstreams. At the global level, advisor concentration by value remains dominated by bulge-bracket banks, while the Big Four's strength shows more clearly in volume rather than value (see Figure 3.1 & 3.2). For the European level please refer to annexes 1 & 2 (to be added further in the draft)

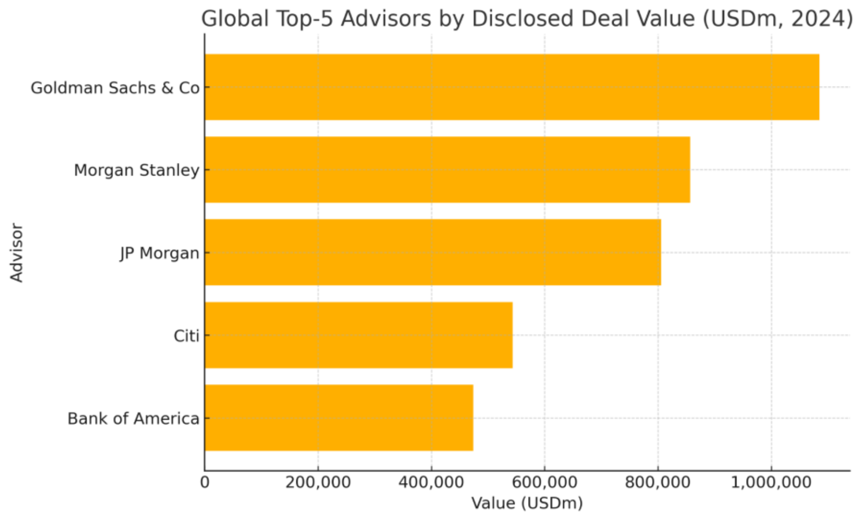

Figure 3.1. Global top-5 M&A advisors by disclosed deal value (USDm), 2024.
(Source: Mergermarket/ION Analytics, Global & Regional M&A Rankings 2024; author's compilation.)

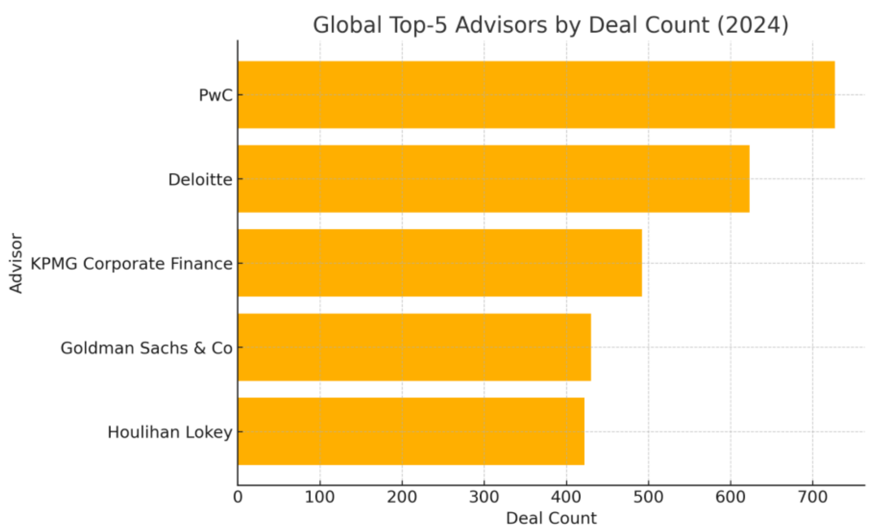

Figure 3.2. Global top-5 M&A advisors by disclosed volume, 2024.
(Source: Mergermarket/ION Analytics, Global & Regional M&A Rankings 2024; author's compilation.)

3.3.2 Fee structure evolution and pricing models:

Transaction advisory fee structures have evolved to reflect the increasing complexity and value-add nature of modern services. Traditional fee models combining retainer fees and success-based compensation remain prevalent, but the specific structures have become more sophisticated to align advisor incentives with client outcomes (Mercer Capital, 2021; First Page Sage, 2025). Retainer fees for financial due diligence typically range from $45,000 to $150,000 depending on deal size, with success fees varying from 3% to 11% of transaction value based on deal complexity and size (First Page Sage, 2025).

M&A advisory fee structure

EBITDA range ***in dollars ($)***	***Retainer fees*** ***in dollars ($)***	***Success fee***	***Fixed success fee*** ***in dollars ($)***	***Flat percentage success fee***
Under 1M $	$45-55k	7-11%	N/A	8-13%
$1-10M	$55-80k	6-9%	N/A	6-11%
$10-30M	$50-110k	4-7%	N/A	N/A
$30-50M	$111-130k	3-6%	$1-2M	N/A
$50M+	$130-150k	N/A	$2-3.5M	N/A

Table 3.2. M&A advisory fee structure
(Adapted from “M&A Advisory Fee Structure: 2025 Report,” by E. Bailyn, 2025, *First Page Sage*.)

In M&A engagements, fees fall into two buckets: an upfront retainer which is a fixed amount that signals commitment and is drawn down as work is performed and a success fee that is paid only at closing. Success fees can be structured as a fixed success fee known to be a pre-agreed dollar amount paid at close, common when the deal is relatively straightforward or as a flat-percentage success fee, a set percentage of enterprise value paid at close (Schmelter, Fields, & Ivanova, 2021).

The evolution toward value-based pricing reflects the transformation of transaction services from commodity due diligence to strategic advisory services (Mercer Capital, 2021). Leading firms increasingly price services based on the value delivered rather than time spent, particularly for specialized capabilities such as AI-powered analytics, ESG assessment, and digital transformation advisory (KPMG, 2023; BDO, 2025). This approach aligns advisor compensation with client value creation while recognizing the premium nature of specialized expertise.

Fee structures also reflect the increasing integration of multiple service lines within comprehensive transaction support. Instead of separate engagements for financial, tax, IT, and ESG due diligence, leading providers offer integrated service packages that provide holistic transaction support while achieving economies of scale and improved coordination (PwC, 2020). This trend toward integrated service delivery creates value for clients through improved consistency, reduced coordination costs, and more comprehensive analysis.

3.3.3 Technology investment and service innovation:

The competitive dynamics of the transaction services market are now heavily defined by a technological "arms race." To maintain a competitive edge, firms are making substantial strategic investments in their technology stacks (McKinsey & Company, 2024). The goal is to build out the advanced AI and data analytics capabilities, as detailed in section 3.2.2, that are increasingly demanded by clients. This investment trend is a primary driver of market evolution, as it not only enhances the quality and efficiency of existing services but also enables the creation of entirely new, data-driven advisory products.

Synthesis: The TS ecosystem as an evolved governance solution

The transaction services ecosystem is far more than a collection of disparate advisory functions; it has evolved into a sophisticated market-based governance solution that directly addresses the fundamental challenges of M&A outlined in Theme 1. Where traditional theories highlight the frictions of information asymmetry, institutional distance, and the difficulty of valuing intangible resources, this review of the TS ecosystem has demonstrated the specific mechanisms and capabilities that have emerged to manage these frictions.

Traditional services like financial and tax due diligence provide the foundational tools to mitigate transaction costs and assess tangible value. However, the ecosystem's modern evolution, driven by emerging capabilities in ESG and particularly AI, shows a clear pivot towards valuing the intangible VRIN resources and dynamic capabilities (Teece, 2007) that are the true drivers of long-term success. As discussed, AI-powered analytics may complement efficiency gains by helping to manage uncertainty at scale and augment human judgment, an emerging “bionic” advisory model (Boston Consulting Group, 2020)

In essence, the TS market provides specialized knowledge and governance structures that firms cannot efficiently replicate internally. Having established the capabilities of the TS ecosystem, the analysis must now turn to the complex environment in which it operates. The following themes will therefore examine the critical contextual factors, regulatory, cultural, and metric-based that govern and constrain the deployment of these services.

Theme 4: Regulatory & institutional context

While Theme 3 detailed the capabilities of the transaction services (TS) ecosystem, the value of these services is ultimately realized within a complex and fragmented regulatory environment. This chapter analyzes the primary institutional frameworks: prudential, foreign investment, and supervisory, that govern cross-border M&A in financial services. Building on the theoretical foundations of this thesis, it will be argued that these regulations function as significant non-market frictions that create substantial transaction costs (TCE) and amplify institutional distance (Institutional Theory). In this context, the contribution of transaction services to value creation lies in their function as a specialized governance mechanism, enabling firms to navigate regulatory complexity, mitigate execution risk, and capitalize on the very arbitrage opportunities that this fragmented landscape creates. This reliance on external advisors is consistent with Transaction Cost Economics, as firms often find it more efficient to 'rent' specialized, jurisdiction-specific expertise for high-stakes, infrequent transactions rather than 'own' a large, permanent in-house team with equivalent global capabilities.For the purpose of this analysis, 'value creation' is therefore defined not only as the generation of new synergies but also as the preservation of deal value through the strategic mitigation of downside risks, a critical function in a complex regulatory environment.

Multi-jurisdictional regulatory frameworks represent the most significant structural challenge to cross-border financial services M&A, creating a complex web of institutional requirements that fundamentally shapes transaction feasibility, structure, and value creation potential. The regulatory landscape encompasses prudential supervision through Basel III and Solvency II frameworks, foreign investment review mechanisms including CFIUS and EU FDI screening, and the evolving distinction between prudential and conduct supervision models. Understanding these regulatory dynamics is essential for explaining how transaction services create value by navigating institutional complexity and regulatory uncertainty.

4.1 Multi-jurisdictional banking and insurance rules

The implementation of Basel III and Solvency II represents the most comprehensive harmonization of prudential regulation in global financial services, yet significant obstacles to cross-border consolidation persist due to territorial approaches and national discretions within these frameworks. It is critical to note, however, that while these frameworks create transactional friction, their primary purpose of enhancing systemic stability and transparency can also be seen as value-creative, as it improves the underlying quality and reduces the risk profile of target institutions.

European Banking Authority research demonstrates that current regulatory architecture relies on territorial approaches including cross-border waivers for capital requirements, inefficient intra-group financial support arrangements, and multiplicity of macroprudential tools that favor pre-positioning resources with subsidiaries (EBA, 2020). These structural features create market fragmentation that may endanger comparability of institutions across countries and reduce incentives for cross-border consolidation. This view is strongly supported by academic literature, which characterizes the European banking union as a 'halfway house' where persistent national interests and regulatory fragmentation undermine the project's core objectives (Beck, 2021; EBA, 2020). From the perspective of Institutional Theory (North, 1990), these features represent a failure to create a single, unified set of 'rules of the game,' thereby increasing the transaction costs (Williamson, 1975) associated with cross-border capital allocation.

Practically, acquirers should expect less portable capital and slower intra-group support, so capital-synergy estimates need haircuts and alignment with pre-positioning rules; TS embed these constraints into valuation, structure, and PMI sequencing (EBA, 2020).

4.1.1 Basel III & Solvency II:

The Basel III framework, a post-crisis global standard, fundamentally reshaped bank resilience by increasing the quality and quantity of regulatory capital (e.g., CET1), introducing new liquidity buffers (Liquidity Coverage Ratio, Net Stable Founding Ratio), and implementing a leverage ratio backstop (BCBS, 2011, 2017). For cross-border M&A, the practical implication of these complex rules is that TS must meticulously assess the target's pro forma capital and liquidity positions, as these factors directly feed into valuation, deal structuring, and integration planning.

Basel III implementation creates specific challenges for cross-border banking M&A through its treatment of capital adequacy and liquidity requirements. The framework requires capital waivers to be available only for individual group entities located in the same Member State as their parent company, effectively excluding cross-border applications (EBA, 2020). This territorial limitation forces banking groups to maintain separate capital buffers across jurisdictions rather than optimizing capital allocation at the group level, increasing compliance costs and reducing synergy potential from cross-border acquisitions.

Solvency II creates parallel challenges for cross-border insurance consolidation, though recent reforms provide greater flexibility for M&A transactions. Research on insurance sector demonstrates that while Solvency II generally aims to enhance sector soundness, M&A transactions can increase default risk on average, particularly for pre-merger low-risk insurers and reinsurers (Lange, 2018). However, the framework's risk-based approach creates diversification benefits that can be captured through well-structured cross-border transactions, creating opportunities for transaction services providers to demonstrate value through sophisticated capital modeling and regulatory optimization.

The UK's "Solvency UK" reforms illustrate how post-Brexit regulatory divergence creates both opportunities and challenges for cross-border insurance M&A. The Prudential Regulation Authority's proposals for transitional measures on technical provisions provide greater flexibility for insurance groups in acquisition mode, allowing combination of calculation approaches and enabling overseas subgroups to be included in group solvency calculations (Latham & Watkins, 2023). These changes reduce regulatory complexity and overheads for acquirers, though they also create regulatory arbitrage possibilities that must be carefully managed.

The new EU Capital Requirements Directive (CRD6) introduces additional requirements for EU banks to pre-notify and potentially pre-clear certain M&A transactions with their supervisors, effective January 2026 (Clifford Chance, 2024). These rules apply to acquisitions and disposals of material holdings in both financial and non-financial entities, material transfers of assets or liabilities, and mergers and divisions. The enhanced notification requirements will create additional regulatory hurdles that transaction services providers must navigate while managing deal timelines and confidentiality requirements.

4.2 Foreign investment review regimes

4.2.1. U.S. foreign investment review regimes:

Foreign direct investment (FDI) screening regimes have emerged as a potent source of institutional uncertainty and transaction costs for cross-border acquirers. Unlike competition law, which is typically based on predictable economic tests, FDI screening often relies on ambiguous 'national security' and 'public interest' criteria. This ambiguity makes deal outcomes difficult to predict and costly to navigate, creating precisely the kind of uncertainty that Williamson (1975) identified as a primary driver of transaction costs (Williamson, 1975). The regimes in key jurisdictions like the United States and the European Union have expanded rapidly in scope and enforcement intensity. The Committee on Foreign Investment in the United States (CFIUS) has undergone significant expansion since the 2018 Foreign Investment Risk Review Modernization Act (FIRRMA), creating mandatory filing requirements for certain transactions and substantially increasing enforcement capabilities (U.S. Department of the Treasury, 2020; U.S. Department of the Treasury, 2024). New regulations implemented in 2024 expand CFIUS subpoena powers, increase maximum penalties, and enhance third-party information gathering capabilities, signaling a shift toward more aggressive enforcement.

The CFIUS regime directly impacts financial services M&A through its focus on critical technologies, infrastructure, and sensitive personal data. Transactions involving financial technology companies, payment systems, or institutions handling sensitive financial data of U.S. citizens may trigger mandatory declarations (SW Law, 2024). The regulatory environment has become increasingly complex in 2024 and will remain so through 2025, requiring parties to factor CFIUS considerations into deal strategy discussions earlier and prepare for potential post-deal scrutiny even for transactions not submitted to the Committee.

4.2.2. EU foreign investment review regimes:

European Union FDI screening regulation has evolved rapidly since its 2020 implementation, with proposed reforms requiring all Member States to establish screening mechanisms covering minimum sectoral scope including financial services (European Commission, 2024). The proposed revision expands coverage to indirect foreign investments through EU subsidiaries and introduces harmonized criteria to prevent regulatory arbitrage across Member States (Yalçın & Koç, 2025). These changes will significantly impact M&A transactions involving foreign investors in EU financial services, requiring comprehensive compliance strategies and extended transaction timelines.

The proliferation of national FDI regimes, alongside traditional merger control, has created a complex dual-track approval system for global M&A. Academic analysis highlights a critical distinction: while merger control is primarily based on economic competition tests, FDI screening operates on more ambiguous national security and public interest grounds, introducing significant uncertainty into transactions (Dewenter & Heimes, 2022). This complexity is magnified by the sheer number of jurisdictions with such mechanisms. The most complex transactions may require filings across multiple jurisdictions, each with different thresholds, assessment criteria, and approval timelines, creating significant coordination challenges that drive demand for specialized transaction services expertise.

However, critics argue that expanding FDI screening may create protectionist barriers that undermine legitimate commercial transactions and reduce cross-border capital flows. The challenge lies in balancing legitimate national security concerns with maintaining open investment environments that support economic growth and innovation in financial services.

4.3 Prudential versus conduct supervision impacts

The evolving distinction between prudential and conduct supervision creates additional complexity for cross-border financial services M&A, as different jurisdictions adopt varying supervisory models that impact transaction structure and regulatory approval processes. The "twin peaks" supervisory model, implemented in jurisdictions including the Netherlands, Australia, and increasingly other countries, separates prudential supervision focused on institutional safety and soundness from conduct supervision emphasizing consumer protection and market integrity (Bruegel, 2017). The variance in these supervisory architectures across jurisdictions creates significant institutional distance for acquirers (North, 1990). This distance manifests as increased transaction costs, as firms must simultaneously learn to navigate and satisfy different regulators with potentially divergent priorities, processes, and timelines.

4.3.1. Prudential supervision:

European banking supervision under the Single Supervisory Mechanism represents the most advanced example of cross-border prudential supervision coordination, though significant limitations persist. The SSM directly supervises 113 significant institutions representing approximately 85% of euro area banking assets, while less significant institutions remain under national supervision with ECB oversight (European Commission, 2023;Council of the European Union, 2013). This hybrid model creates complexity for cross-border M&A as transactions may involve institutions subject to different supervisory regimes and assessment criteria.

The ECB's guide on supervisory approach to consolidation provides transparency regarding prudential assessment of M&A transactions, emphasizing case-by-case evaluation based on proportionality principles (ECB, 2021). The supervisory assessment encompasses three phases including early communication, application, and implementation, with particular focus on post-merger capital requirements, badwill treatment, and transitional arrangements for internal models. However, the absence of common and fully transparent EU practices for prudential assessment adds complexity to cross-border transactions.

4.3.2. Conduct supervision:

Conduct supervision creates additional layers of complexity as it typically remains at national level even in jurisdictions with unified prudential supervision such as the European Union. The UK's recent introduction of integrated supervision combining conduct, integrity, and prudential oversight represents an evolution toward more holistic supervisory approaches (Arthur Cox, 2025). However, most jurisdictions maintain separate conduct and prudential supervisors, requiring M&A transactions to navigate multiple approval processes with potentially conflicting objectives and timelines.

The practical impact on transaction services is significant, as advisors must understand the supervisory expectations and assessment criteria across multiple jurisdictions and supervisory models. Successful transactions require early engagement with relevant supervisors, comprehensive regulatory mapping, and sophisticated project management to coordinate approval processes while maintaining transaction momentum and confidentiality.

Cross-border banking supervision faces inherent coordination challenges due to information asymmetries, differing supervisory priorities, and jurisdictional limitations. Research demonstrates that home country supervisors responsible for consolidated supervision must cooperate with host country supervisors responsible for local entity oversight, creating potential conflicts when institutions are systemically important in multiple jurisdictions (World Bank, 2011). These coordination challenges can impact M&A approval processes and post-transaction supervision arrangements.

Synthesis: Regulation as the arena for value creation

This chapter has established the multi-jurisdictional regulatory landscape not merely as a backdrop for M&A, but as a dynamic arena of institutional friction where significant value can be created or destroyed. The analysis demonstrates that prudential frameworks like Basel III, national security-driven FDI screening, and fragmented supervisory models function as potent sources of transaction costs and institutional uncertainty.

In this context, transaction services perform a critical role that transcends simple compliance. By modeling the impact of trapped capital, navigating the ambiguity of FDI reviews, and managing the coordination costs of multiple supervisory bodies, TS providers act as a crucial governance mechanism. They enable acquirers to price risk accurately, structure deals resiliently, and ultimately turn regulatory complexity from an insurmountable barrier into a manageable, and sometimes even profitable, strategic challenge.

Having now analyzed the 'hard' formal rules of the institutional environment, the review must confront the 'soft' but equally decisive informal institutions. The following theme will therefore examine the cultural and human-capital dimensions of integration, exploring the critical challenges that arise when different organizational norms and values collide

Theme 5 : Cultural & Human-capital integration

Having analyzed the formal institutional and regulatory frameworks, this chapter now turns to the informal institutions and critical human resources that are often the ultimate arbiters of M&A success. From the perspective of the Resource-Based View (Barney, 1991), a target firm’s most valuable assets are often its intangible VRIN resources: its leadership, talent, and organizational culture. Simultaneously, Institutional Theory (North, 1990) frames culture as a powerful set of informal institutions, the unwritten norms and values that govern behavior. This chapter argues that the failure to manage the integration of these human and cultural elements represents the single greatest threat to value creation in cross-border M&A. Consequently, the contribution of transaction services is evolving, with specialized HR and cultural diagnostics emerging as a critical mechanism for assessing and safeguarding these intangible, people-driven assets.

5.1 National and organizational culture clashes

Cross-border M&A requires managing national and organizational cultural differences as distinct levers that call for different integration interventions. National culture often operationalized via Hofstede's dimensions (power distance, individualism–collectivism, uncertainty avoidance, masculinity–femininity) shapes outcomes through expectations and coordination costs, while organizational-culture gaps drive social conflict and knowledge transfer dynamics (Vaara et al., 2012; Wang et al., 2020) (please refer to Annexe 3 “Hofstede's cultural dimensions”).

Research examining cross-border transactions reveals that power distance differences and masculinity differences significantly influence M&A success, while individualism differences and uncertainty avoidance differences show no statistically significant impact (Rozen-Bakher, 2018). However, a purely dimensional view can be limited. An institutional analysis suggests that cultural integration challenges are often symptoms of broader difficulties in legitimizing the merger/acquisition and creating a new shared social identity, rather than being simple clashes of static national values (Vaara et al., 2005). This perspective is crucial, as it suggests that a 'culture clash' can be both a cause of failure and a symptom of broader integration management challenges, such as poor communication or a lack of a compelling, shared vision for the new entity.

The impact of cultural distance on cross-border M&A performance follows complex patterns that challenge simplistic assumptions about cultural similarity. While shareholders initially express concern about acquisitions in culturally distant countries, long-term analysis reveals that greater cultural distance can create positive impacts on operating performance for bidders with high intangible assets, suggesting that significant internalization benefits from technological know-how are realized when cultural distance is substantial (Steigner & Sutton, 2008). This finding demonstrates that cultural differences, while creating initial integration challenges, can ultimately drive value creation through enhanced learning and capability transfer mechanisms.

National culture influences organizational culture through multiple pathways, with research indicating that national cultural characteristics affect corporate decision-making styles, organizational structures, and employee cooperation patterns. For example, power distance levels influence how firms organize hierarchically, while individualism orientations affect collaborative behaviors and team dynamics (Chami & Vinterskog, 2021). Under human (identity-building) integration, cultural proximity tends to improve outcomes. Under task/operational integration aimed at combining capabilities, some cultural distance can aid capability transfer, if social-integration mechanisms are in place (Björkman & al., 2007).

The banking sector presents unique cultural integration challenges due to its emphasis on trust, risk management, and regulatory compliance, where cultural differences can significantly impact operational effectiveness and stakeholder confidence. Forbes research on banking M&A

emphasizes that cultural alignment is enhanced by approximately 50% when culture is effectively managed, with successful integration requiring systematic approaches to blending organizational values while preserving essential cultural strengths from both entities (Forbes, 2024). However, critics argue that excessive focus on cultural similarity may limit the diversity of perspectives and innovative capabilities that cross-border transactions are intended to capture.

5.2 Leadership alignment and talent retention

Leadership alignment is consistently identified in both academic and practitioner literature as a foundational element of M&A success. A lack of a unified executive vision and strategy is a primary driver of integration failure and synergy shortfalls (Marks & Mirvis, 2011). Effective alignment requires the synchronization of goals among top executives to create a leadership team capable of guiding the organization through the complexities of integration. The process extends beyond executive levels to permeate throughout organizations, fostering unified approaches to decision-making and cultural integration.

Talent retention has emerged as the second-largest contributor to deal success, with particular significance following industry-wide impacts of employee turnover trends. 47% of key employees leave following major transactions, with cross-border deals facing additional pressure from cultural differences, role uncertainty, and competitive employment markets (Bain, 2022). From a Resource-Based View, this challenge is particularly acute in financial services, where the firm’s most critical VRIN resources, specialized expertise, regulatory knowledge, and client relationships are embodied in its key personnel. The failure to retain this talent post-acquisition therefore represents a direct destruction of the very intangible assets the deal was intended to capture (Stahl & Voigt, 2008). Furthermore, this loss of human capital can be viewed as a significant post-deal transaction cost, as the acquirer must either bear the high costs of replacing the talent or suffer the consequences of a depleted resource base. Transaction services contribute directly to value creation by designing retention strategies that mitigate this costly value leakage.

The most successful talent retention strategies combine financial and non-financial incentives while addressing career development opportunities. McKinsey reveals that "praise and commendation from immediate managers ranks as the most effective retention lever, scoring above performance-based cash bonuses and base pay increases (McKinsey, 2020). However, financial retention agreements remain important, with Willis Towers Watson studies showing that 79% of acquiring companies successfully retain at least 80% of employees through the retention period using financial incentives, though long-term retention rates drop significantly after initial retention periods end (Willis Towers Watson, 2017). Critically, however, effective talent retention must be strategic rather than absolute. The goal is not simply to prevent all departures, but to identify and secure the specific human capital most critical for the future success of the newly combined entity, as retaining certain legacy leaders or employees can sometimes hinder necessary cultural and operational changes.

Leadership selection in cross-border M&A requires sophisticated approaches that balance cultural representation, technical competence, and strategic alignment with combined entity objectives. The challenge is particularly acute when merging entities have "two of everything" for key leadership roles, requiring objective assessment criteria rather than negotiation or favoritism (Korn Ferry, 2024). Leadership teams must possess adaptability and cultural intelligence as primary competencies, enabling them to serve as "meaning makers" who rally employees from both organizations around compelling visions for combined entities.

Nevertheless, leadership alignment faces inherent tensions between preserving valuable cultural elements from both organizations while creating unified strategic direction. The risk exists that excessive emphasis on alignment may suppress productive disagreement and diverse perspectives that drive innovation and superior decision-making.

5.3 HR-focused transaction services and culture diagnostics

The cultural clashes detailed previously can be theoretically understood as severe frictions arising from a high degree of distance between the firms' informal institutions (North, 1990). The failure to bridge this institutional distance is a primary source of value destruction in M&A. In direct response to this risk, the transaction services market has evolved to provide a governance solution, offering a suite of specialized HR-focused capabilities designed to diagnose, measure, and manage these human factors. These services address the gap between traditional financial due diligence and the human factors that ultimately determine transaction success. Aon's People Transaction Advisory Services exemplify this evolution, providing end-to-end solutions addressing human capital due diligence, people integration planning, total rewards strategy optimization, strategic communication and change management, and organizational talent planning (Aon, n.d.).

Cultural due diligence methodologies have evolved from informal assessments to diagnostic tools that provide quantitative and qualitative insights into organizational compatibility. Leading practitioners employ multi-step processes including social media analysis for initial cultural assessment, comprehensive employee surveys and interviews, document review of policies and communications, and behavioral assessments of leadership teams (Denison Consulting, 2024). The Denison Organizational Culture Survey (DOCS) and Organizational Culture Assessment Instrument (OCAI) represent validated frameworks that quantify cultural dimensions and highlight alignment or disparity areas between merging or acquirer and targeted entities.

Advanced culture diagnostics now incorporate technology-enabled analytics that provide real-time insights into employee sentiment, values, and engagement levels throughout the integration process. Diversio's culture analytics platform demonstrates how AI-powered tools can identify potential cultural clashes early while enabling data-driven integration strategies that reduce conflict and align organizations around shared values (Diversio, 2024). These tools provide objective measurement capabilities that complement traditional survey and interview methods while enabling continuous monitoring rather than point-in-time assessments.

The scope of HR-focused transaction services is also expanding to encompass comprehensive human capital due diligence, especially the assessment of leadership capability. This is exemplified by the methodologies of major organizational consultancies. Firms like Korn Ferry, for instance, utilize a multi-faceted approach combining psychometric assessments, behavioral interviews, and simulations to evaluate the capabilities of leaders from both organizations against a competency model designed for the future combined entity (Korn Ferry, 2024). This systematic process provides objective data for the critical decisions surrounding the selection of the new leadership team.

However, the effectiveness of these diagnostics is rightly debated. Critics argue that such tools risk oversimplifying complex cultural dynamics and providing a false sense of predictability which is a valid limitation. Yet, their primary value may not lie in perfect prediction, but in creating a structured framework and a common language for leadership to systematically address cultural risks. In doing so, these HR-focused transaction services provide a significant improvement over the ad-hoc approaches that have historically led to integration failure, thus preserving deal value by managing one of its most potent threats.

Synthesis: Valuing the intangible assets of M&A

This chapter has demonstrated that the true value of a target firm in the financial services sector often resides not on its balance sheet, but in its people. By framing culture as an informal institution (North, 1990) and human capital as a critical VRIN resource (Barney, 1991), the analysis has shown that the failure to manage these 'soft' factors is a primary driver of value destruction. The significant risks posed by cultural clashes and talent flight underscore the limitations of a purely financial or legal approach to due diligence.

In response, HR-focused transaction services represent a crucial evolution in the advisory ecosystem. They provide specialized governance mechanisms needed to produce tangible artefacts, such as cultural diagnostic reports, leadership assessment scorecards, and strategic retention agreements that assess, measure, and safeguard these vital, intangible assets. However, the challenges discussed here, the difficulty of quantifying culture and the complexity of tracking talent retention, beg a fundamental question. If the most critical assets are intangible, then how can value creation, in all its forms, be credibly measured and judged? Having explored the 'soft' drivers of success, the review must now turn to the 'hard' metrics. The following chapter will analyze the financial, operational, and non-financial KPIs used to evaluate deal performance and the realization of synergies.

Theme 6: Measurement & metrics of value creation

Before examining specific metrics, it is essential to establish a framework for what constitutes "value" and how its creation can be plausibly attributed to transaction services. Drawing from the literature on M&A performance measurement (King et al., 2021), this review defines value across multiple stakeholder dimensions: for shareholders (e.g., returns), for the business (e.g., efficiency), and for regulators and employees. Critically, the methodological literature highlights a persistent "attribution gap" in M&A research, where the complexity of transactions makes it difficult to isolate the causal impact of any single intervention (Haleblian et al., 2009). Therefore, this review argues that the central, but often overlooked, contribution of TS is to help solve this attribution gap. It does so by creating artefacts (e.g., synergy tracking dashboards, risk registers) that build a plausible and traceable line from a specific intervention to a measured outcome.

This theme treats metrics not as neutral dashboards but as design choices that determine what counts as "value". The selection of a metric creates incentives that directly shape firm behavior and M&A outcomes, a crucial consideration when evaluating the role of TS (Sirower et al., 2023). This analysis will therefore critically evaluate the dominant measurement frameworks, distinguishing between market signals, execution metrics, and long-term operating outcomes, through the lens of the attribution protocol established above.

6.1 Financial metrics: Market signals vs. Operating performance

The literature distinguishes sharply between market-based signals of expected value and accounting-based measures of realized operating performance. Cumulative Abnormal Return (CAR) and Buy-and-Hold Abnormal Return (BHAR) are event-study metrics that gauge investor reaction at announcement and over the subsequent months; they proxy the market's perception of a deal's strategic logic (Martynova & Renneboog, 2008). However, these signals can be confounded by market noise and concurrent news flow, which may dampen statistical significance and blur attribution to TS. Accordingly, we treat CAR/BHAR as directional indicators and triangulate them with accounting-based outcomes (Gregoriou & Renneboog, 2007).

In contrast, operating metrics aim to measure realized performance. For non-bank financial institutions, Return on Invested Capital (ROIC) is an appropriate measure. However, for banks and insurers, the literature and best practice favour sector-specific KPIs like Return on Equity (ROE), cost-to-income ratio, and CET1 capital ratio for banks, and the combined ratio for insurers, as they better reflect their unique business models (Healy et al., 1992; Bain & Company, 2015). A rigorous attribution of these outcomes to TS requires a clear trace from a TS deliverable (e.g., a synergy plan) to a reported financial result.

6.2 Efficiency and synergy-realization KPIs

Recognizing these shortcomings, contemporary M&A research stresses the importance of tracking deal-specific efficiency and synergy KPIs, especially for cross-border financial institutions. Typical tracked synergies include cost-to-income ratio reductions, headcount rationalization, branch/network consolidation rates, and realized versus forecast operational savings (EY, 2023). Revenue-side KPIs, such as cross-sell volumes, new product penetration, and growth in client assets: complement cost metrics, capturing the positive impact of cross-market integration and product expansion.

One advanced practice is to set a "realization rate" for targeted synergies, benchmarked at six, twelve, and thirty-six months post-close. Bain & Company (2021) reports that banking deals typically realize ~50–70% of announced synergies within two years and that disciplined post-close tracking is associated with higher realization rates. However, a higher realization rate can also reflect more conservative baselines rather than greater absolute value capture. To avoid conflating forecast accuracy with performance, we track both the percentage realized and the absolute synergy value net of cost-to-achieve, time-to-cash, and post-close KPIs (e.g., EBITDA uplift, ROIC vs. WACC). Accordingly, we treat realization rate as an execution-discipline indicator not a stand-alone performance metric (Bain & Company, 2021).

Operational efficiency metrics also include process digitization rates, cost-to-serve reductions by customer segment, and IT system harmonization indices (Deloitte, 2023). These provide crucial leading indicators of integration success (Schoenberg & Reeves, 2021), allowing acquirers and their advisors to proactively address performance drags before they erode overall deal value. However, one must also acknowledge the ongoing difficulty of attributing realized synergies to particular integration levers or TS interventions, causality is confounded by overlapping initiatives and environmental volatility (Reboul et al., 2023).

A frequently cited shortcoming is that overly narrow synergy KPIs can incentivize destructive cost-cutting or fail to capture cultural/HR integration difficulties, which, as Theme 5 established, may ultimately outweigh operational wins.

6.3 Non-financial metrics: Human capital, ESG, and stakeholder outcomes

Non-financial value metrics have risen sharply in significance as acquirers, investors, and regulators demand a broader conception of "success" M&A. Human capital metrics, such as voluntary attrition rates, retention of key personnel, post-deal engagement scores, and leadership pipeline stability, are increasingly used to gauge whether integration is achieving its "people synergies" (McKinsey, 2020). Given the centrality of talent and culture in financial services value delivery, these indicators are essential for exposing latent risks that are invisible in financial statements (Cartwright & Cooper, 2014).

Recent research advocates for the use of "integration pulse" surveys and network mapping analytics to track collaboration, information flows, and employee sentiment across merged entities (Gallup, 2023; Deloitte, 2022). These tools have predictive power for identifying potential HR value drains before they impact client relationships or regulatory compliance. Transaction services are increasingly challenged to include these diagnostics in their scope of work, strengthening their direct connection to sustained value creation.

Environmental, social, and governance (ESG) metrics also play a growing role, particularly in European banking M&A, where regulatory and societal pressures make ESG integration a material driver of deal success (Grant Thornton, 2023). Typical ESG KPIs include gender/diversity ratios in leadership, green loan origination rates, community investment levels, and climate-related risk scores (KPMG, 2023). While some critics view ESG measurement as subjective or prone to "greenwashing," recent evidence shows that well-executed ESG integration leads to both reputational and financial upside in cross-border deals (BCG, 2024).

Finally, client and stakeholder satisfaction indices, including Net Promoter Score (NPS) changes, complaint trends, offer real-time, forward-looking signals of whether integration is building or eroding franchise and brand value ("silent synergies or silent losses"). Although these metrics are less commonly monitored in real world M&A dashboards, studies urge their inclusion as critical "early warning" indicators, particularly in retail and digital banking M&A (PwC, 2020).

Synthesis: A multi-faceted and critical approach to measurement

The literature on M&A performance reveals a core challenge: the difficulty is not in tracking metrics, but in attributing outcomes to specific interventions. This review argues that Transaction Services create distinctive value precisely by helping to solve this attribution problem**.** By designing and implementing rigorous measurement dashboards, TS providers create the plausible, data-driven link from an intervention to an outcome. While the literature demands a multi-dimensional and context-specific toolkit of metrics, the ultimate contribution of TS lies in providing the frameworks to make that measurement meaningful.

Transaction services create distinctive value by designing and implementing these measurement dashboards. However, their ultimate contribution is demonstrated by their ability to help solve the attribution problem, providing the rigorous, real-time tracking that draws a plausible line from intervention to outcome. The persistent methodological gaps in this area underscore the need for holistic frameworks.

With the measurement toolkit now delineated and critiqued, the final step in this review is to examine the results. The following chapter will empirically survey the evidence on value creation in real-world cross-border financial services M&A, using the frameworks discussed here to interpret the findings.

Theme 7: A critical review of the empirical evidence on M&A

The preceding chapters have established the theoretical frictions of M&A, the practical stages where value is at risk, and the methodological challenges of measuring success. This theme now turns to the empirical evidence to answer a fundamental question: do cross-border mergers and acquisitions in the financial services sector actually create value? This review synthesizes the findings from decades of research, organizing the evidence by the methodologies critiqued in Theme 6. The analysis will demonstrate that the empirical record is deeply ambiguous and highly conditional. This very ambiguity constitutes a major finding in itself. It demonstrates that the key to understanding value creation lies not in broad statistical averages, but in the granular, process-level interventions that are the focus of this thesis: the routines and artefacts of transaction services.

7.1 Evidence from short-term market reactions

The most common method for assessing M&A success is the event-study methodology, which measures the market's immediate reaction to a deal announcement using Cumulative Abnormal Returns (CAR). The underlying theory is that an efficient market will rapidly price in the expected value of the transaction. However, the collective evidence from these studies is far from conclusive. While some meta-analyses find small positive announcement returns for target shareholders, the returns for acquirer shareholders are, on average, zero or slightly negative (Martynova & Renneboog, 2008).

Within the financial services sector, the results are often more pessimistic. Studies focusing on banking M&A frequently report statistically significant negative abnormal returns for acquiring banks, particularly in large, complex, or cross-border transactions (Hagendorff & Keasey, 2009). This negative signal is often attributed to investors' concerns about the high integration risks and costs, the potential for regulatory hurdles, and the significant information asymmetry inherent in valuing complex financial institutions.

7.2 Evidence from long-term operating performance

To address the shortcomings of short-term event studies, another stream of literature examines long-term operating performance using accounting-based metrics such as Return on Equity (ROE) and cost-to-income ratios. These studies aim to measure whether the promised synergies and efficiencies materialize in the years following the merger. The foundational work of Healy et al. (1992) found that merged firms exhibited superior post-acquisition cash flow performance. However, subsequent research, particularly within financial services, has produced much more mixed results.

Many studies find no significant improvement in the operating performance of acquiring banks for up to three years post-merger, with some even reporting a decline in profitability and efficiency (Cornett & Tehranian, 1992; Beitel et al., 2004). The failure to realize projected cost and revenue synergies is often cited as the primary cause. This evidence directly supports the arguments made in Themes 2 and 5: the practical challenges of post-merger integration and cultural clashes are immense, and without a rigorous, professionally managed process, a core function of transaction services, the strategic rationale of a deal often fails to translate into tangible financial results.

7.3 The decisive role of context and contingency

The lack of a clear, universal conclusion from market and accounting-based studies has led researchers to focus on the contingency factors that differentiate successful deals from failures. This body of research provides the strongest indirect evidence for the value of transaction services.

First, cross-border deals consistently exhibit higher risk profiles than domestic ones. Studies often find that cross-border acquirers initially underperform their domestic counterparts, a phenomenon attributed to the frictions of institutional distance, regulatory complexity, and cultural clashes (Goergen & Renneboog, 2004; Dikova & van Witteloostuijn, 2007). This finding reinforces the arguments of Themes 4 and 5 and implies that the specialized expertise provided by TS in navigating these specific cross-border challenges is a critical determinant of success.

Second, acquirer experience matters. Serial acquirers tend to achieve better M&A outcomes over time, suggesting that firms can develop a dynamic capability in M&A (Haleblian et al., 2009). Transaction services can be understood as the professionalized, external manifestation of this process, providing firms that lack deep in-house experience with access to a codified body of M&A best practices.

Finally, the strategic intent of the deal is a key predictor of success. Acquisitions aimed at gaining specific capabilities, such as financial technology or access to new markets, tend to outperform those driven by simple diversification or scale (Aybar & Ficici, 2009). This highlights the critical importance of the pre-deal strategic work and due diligence, core TS functions is to identify and correctly value the intangible, resource-based assets that drive future growth.

One might critically argue that these contingency factors, particularly acquirer experience, are the true drivers of success, and that transaction services are merely a tool employed by already-sophisticated firms. This view, however, creates a false dichotomy. Transaction services are precisely the mechanism through which acquirer experience is codified and deployed and the primary means by which less experienced firms access best practices for knowledge transfer and risk mitigation. For the vast majority of firms that are not high-frequency acquirers, TS provides the essential governance framework and specialized expertise necessary to execute a complex transaction. The empirical evidence, in its very ambiguity, does not refute the value of TS, rather, it makes the case that its impact is felt at a granular, process level that large-scale quantitative studies are ill-equipped to measure.

Theme 8: Synthesis, research gaps and thesis positioning

This chapter consolidates the review and outlines where extant research converges and where it remains underspecified, regarding value creation in cross-border financial services M&A. The literature broadly agrees that outcomes are shaped by several layered logics: Transaction Cost Economics (TCE), Resource-Based View (RBV) and Dynamic Capabilities, and Institutional theory but it provides only partial visibility into the micro-processes that connect these logics to deal artefacts (terms, structures, regulatory strategies) and intermediate outcomes (closing certainty, risk allocation, early realization). The aim here is to frame a cautious, testable agenda that clarifies what we know and what must be examined next without presupposing results.

8.1 From theoretical frictions to empirical ambiguity

What the literature shows: (convergences)

First, the theories are complementary rather than competing. RBV and Dynamic Capabilities explain what resources/capabilities matter and how firms adapt, while TCE and Institutional theory explain why frictions arise—uncertainty, information asymmetry, asset specificity; formal/informal distance; regulatory complexity—and how governance choices mitigate them. In cross-border finance, these layers co-determine feasibility, structure, and integration difficulty.

Second, across the M&A lifecycle, the review documents recurrent pressure points that map neatly to these theories: information/search costs and due diligence limits (TCE), valuation/integration of VRIN/intangible assets (RBV), and multi-jurisdictional regulatory constraints (Institutional/TCE). As a result, the where of value risk is relatively well described: pre-deal screening and feasibility, execution contracting and pricing, and post-deal integration and control.

Third, despite abundant work on market reactions and operating metrics, outcome measurement exhibits an attribution problem: it is difficult to trace which specific mechanisms drive observed performance, and synergy claims frequently over-shoot realization. This motivates caution when inferring causality from high-level indicators and underscores the need to connect process to outcome more precisely.

<u>What is contested/under-specified:</u> (tensions)

1) *Mechanistic under-specification:* Large-N studies often proxy “advisor quality” or “governance” but seldom model how advisory routines translate diligence into contract economics, regulatory strategy, or integration playbooks; the process level remains thinly described.

2) *Intangibles in practice:* RBV highlights intangibles and reputational/organizational capital, but the literature is sparse on how these are assessed, priced, protected, and embedded into deal terms and PMI governance.

3) *Institutional distance operationalization:* We have a rich description of formal/informal institutions; less clarity exists on the routines that reduce approval risk and coordination costs across prudential, conduct, and FDI regimes.

Hence, while the what/where of friction is well established, the how of mitigation remains empirically and conceptually thin.

8.2 The “black box” of Transaction Services (TS): a critical research gap

The review repeatedly notes that Transaction Services are present and consequential, yet often treated as a homogeneous input rather than as bundles of routines that produce artefacts (price mechanisms, SPA protections, regulatory commitments, integration governance) with identifiable intermediate outcomes (deal certainty, approval timelines, risk reallocation, early realization). This creates a “TS black box.”

To progress, the literature suggests three process questions that remain only partially answered:

>

- **Q1** (TCE → Contracting): In what ways do TS translate diligence signals into price mechanics and legal protections (e.g., QoE normalization, WC definitions, debt-like items, mechanism choice; R&W/indemnities, MAC/CP design), thereby monetizing and allocating risk?

>

- **Q2** (RBV/DC → Intangibles): How are VRIN resources and capabilities (brand/franchise, data assets, leadership depth) assessed, valued, and protected so that they inform valuation, term-sheet architecture, and integration planning?

>

- **Q3** (Institutions → Regulatory strategy): How are multi-jurisdiction approval pathways designed and sequenced (prudential/FDI/competition) so that regulatory distance is translated into credible commitments and practicable closing plans?

This framing respects the literature's demonstrated facts (what the frictions are), acknowledges measurement limits (attribution), and articulates a bounded gap: we need a process-oriented account of TS routines, artefacts, and their proximate outcomes.

8.3 Thesis positioning and proposed model (cautious and testable)

Positioning:

The thesis positions TS not as a monolith but as routinized, stage-specific interventions whose outputs (see below listed examples) are observable artefacts:

- Pricing and protection architecture in the SPA,
- Regulatory road-maps and undertakings,
- Integration governance, controls, and tracking.

The contribution sought is a process model that connects TS routines to intermediate outcomes under the layered frictions identified by TCE/RBV/Institutional theory without presuming overall performance effects ex ante and without quantifying the added value of those interventions.

Conceptual model:

Deals face two persistent challenge sets: Institutional Complexity and Resource Intangibility, which TS address through capabilities across the deal process (due diligence; structuring & negotiation; integration support). The model posits a mediation from **Inputs (frictions) → TS routines & artefacts → Intermediate outcomes**. This process, which will be presented visually in the discussion chapter (see Figure 5.1), frames how TS capabilities address institutional complexity and resource intangibility to produce outcomes like deal certainty and improved risk allocation, with final performance assessed via multi-faceted metrics.

Boundary conditions:

Cross-border transactions in financial services; emphasis on buy-side TS; scope from pre-signing through early post-close handover. These boundaries align with the literature's documented frictions and preserve external validity by avoiding claims beyond the regulated financial context.

Methodological stance:

A qualitative, theory-building approach is warranted to illuminate routines and artefacts that are difficult to capture in aggregate designs. Semi-structured expert interviews and multiple deal vignettes, abductive coding, triangulation with public artefacts, and reliability safeguards (member checks, audit trail) are appropriate to surface how mechanisms operate and under what conditions.

Intended contributions (modest and testable):

1. A process vocabulary for TS routines and artefacts that operationalizes TCE/RBV/Institutional lenses in a regulated, cross-border setting.

2. Mid-range propositions linking routines to intermediate outcomes (e.g., approval certainty, risk allocation, early realization) suitable for later quantitative examination.

3. Practical implications for scoping TS work and evidencing its value without conflating forecast accuracy with performance.

Chapter 3: Research methodology

This chapter details the scientific approach used to answer the central research question: *How do transaction services (TS), via specific routines that generate contractual, structural, and regulatory artefacts, mitigate deal frictions and enable value capture in cross-border financial services M&A?* Following ICHEC expectations, the chapter explains the research design and philosophy, the analysis model, the strategy and case selection, data collection procedures, analysis techniques, quality safeguards, ethics/data management, and limitations (Paquet et al., 2020).

3.1 Research design and philosophy

This thesis is an applied research project executed in a deductive sequence (theory → field → theory). The literature review develops a multi-theoretic frame (TCE; RBV/Dynamic Capabilities; Institutional theory) that informs the fieldwork and later guides interpretation in the Discussion. Because the phenomenon of interest is processual: how TS produce concrete, stage-specific artefacts (pricing and protection architecture, regulatory undertakings, integration governance), a qualitative design is appropriate for answering a "how" question and illuminating mechanisms in context. The stance is critical-realist (mechanisms exist and can be traced via evidence) and pragmatic (methods are chosen for fitness-for-purpose rather than dogma).

Unit of analysis and boundary conditions:

The unit of analysis is the TS routine and its observable artefacts across the lifecycle (pre-deal, execution, post-close). The study is bound to cross-border financial-services acquisitions, from 2021–2024, with a buy-side perspective. These boundaries reflect the environment and constructs documented in the literature review and operationalized in the coding frame (Annexe 6–7).

Scope clarification:

This thesis does not quantify the magnitude of value created by TS nor estimate causal effects. It provides descriptive process tracing/linking TS routines to artefacts and proximate, non-causal outcomes (e.g., closing certainty, approval timelines, risk allocation, early realization). Frequency tables reported in Findings are descriptive aids, not measures of importance.

3.2 Analysis model

Consistent with an exploratory “how” question, the analysis model is framed around an operational objective rather than formal hypotheses (Paquet et al., 2020):

Because the goal is to build a process-oriented theory from the ground up, rather than to test a pre-existing causal relationship, an operational objective provides the necessary flexibility to trace emergent mechanisms and patterns.

Operational objective:

Identify and analyze the routines through which TS create/defend value across pre-deal, deal-execution, and post-close phases in cross-border financial-services M&A. Tracing how routines generate artefacts (contract terms, structures, regulatory commitments, integration governance) and intermediate outcomes (deal certainty, approval timing, risk reallocation, early realization).

Constructs and analytical chain:

- Inputs (frictions): information asymmetry, resource intangibility, institutional/regulatory distance.
- Routines (mechanisms): TS workstreams (FDD/Tax/IT due diligence, structuring & negotiation, regulatory strategy, integration readiness).
- Artefacts: SPA price mechanisms and protections, regulator-facing undertakings/conditions, integration governance, KPI logic, and dashboards.
- Intermediate outcomes (descriptive): closing probability and timing, risk allocation, early synergy conversion.

These constructs are consistent with the literature review's conceptual model and with the coding framework used in Chapter 4 (Annexe 6).

3.3 Research strategy: multiple-case study

A multiple-case study strategy supports pattern matching and explanation building for complex, real-world processes (Yin, 2018). Multiple cases enable literal replication (recurrent routines appear across contexts) and theoretical replication (variance is informative when routines differ). The goal is analytical generalization, mid-range propositions about TS routines and artefacts in regulated, cross-border settings rather than statistical generalization. This design directly addresses the measurement attribution gap highlighted in the literature review by linking process to observable artefacts before discussing performance lenses later.

3.4 Case selection

A purposive, maximum-variation portfolio of four recent cross-border financial-services acquisitions (2021–2024) was assembled to span: jurisdictional configurations (EU–EU, NA–NA, NA–EU), sub-sectors (private banking, universal banking, capital-markets/advisory), but also regulatory complexity and public conditions, and integration design (platform carve-out vs. franchise/people-centric). The factual record for each case (announcements, filings, investor materials, financial press) is documented and referenced in the findings chapter.

Inclusion criteria: Cross-border financial-services deals with sufficient public documentation to support triangulation with relevance to at least two lifecycle stages with an access to practitioners with first-hand or adjacent vantage points.

Exclusion criteria: Purely domestic deals, transactions lacking adequate public data, purely legal-only viewpoints without intersection with TS workstreams. (The legal acquisition form dominates sector practice and provides clearer control/regulatory treatment, so the focus on acquisitions is methodologically representative).

3.5 Data collection

3.5.1 Primary data: semi-structured interviews

Instrument: A semi-structured guide aligned to the analysis frame (frictions → routines → artefacts → intermediate outcomes). The guide ensures consistent coverage while leaving space for emergent mechanisms. Interview prompts and role-specific lines of inquiry are captured in Annexe 4 & 5.

Sampling: Purposeful sampling of senior practitioners across complementary roles (corporate M&A development; TS director, FDD in audit; HR/people integration, strategy manager) to enable role triangulation on the same lifecycle stages. Target ≈ 10 interviews to achieve thematic sufficiency on routines/artefacts rather than demographic saturation.

Procedure. 30-60 minutes interviews via secure video/phone or in face-to-face, recorded with consent, verbatim transcription, anonymization of names/firms was generalized for homogeneity and participants were free to decline any question(s).

3.5.2 Secondary data: documentary corpus

Each case analysis is composed of press releases, investor presentations, regulatory/competition filings or decisions, and financial press. These sources time-stamp events, verify conditions/undertakings, and corroborate claims. They provide the within-case factual spine against which interview testimony is checked.

3.5.3 Ethics, confidentiality, and data management

Participants received an information sheet (purpose, questions, context, withdrawal rights) and consented to recording and were asked if they wanted anonymization of their answers. Sensitive or client-confidential information was neither solicited nor retained, analysis relies on public artefacts plus non-confidential practitioner experience. Audio files, transcripts, and coding matrices are stored on encrypted drives and will be deleted after the oral defense.

3.6 Data analysis

Approach: Thematic analysis with abductive iteration between the literature-informed codebook and emergent insights. Steps: (1) familiarization; (2) coding; (3) within-case patterning; (4) cross-case pattern matching (replication logic); (5) assembly of **routines → artefacts → intermediate outcomes** chains.

Codebook: The a priori frame (Annexe 6) defines Level-1 A/B/C (A: Frictions; B: TS Routines & Artefacts; C: Value-creation outcomes) and Level-2 A1–A4, B1–B3, C1–C3 with definitions and keywords. "Link" tags (e.g., DD→negotiation) trace translation steps. "Challenge": qualifiers capture non-performance outcomes (e.g., integration pitfalls). Full per-profile codings appear in Annexe 7.

Tools and artefacts: Transcripts were line-coded into matrices; within-case summaries will precede cross-case synthesis. Frequency tables reported in Chapter 4 (Level-1 and Level-2 distributions) document where testimony clusters, they are descriptive and do not imply importance. Triangulation with public documentation bounds recall bias and anchors timelines.

Quality safeguards:

- **Credibility:** role-triangulated sampling, corroboration with public artefacts, optional interviewee checks for factual clarifications.
- **Dependability:** preserved chain of evidence (guides, codebook versions, coding logs).

- **Confirmability:** reflexive notes separating description from inference, avoidance of confidential specifics, quotes kept in context.

- **Transferability:** thick description of cases and boundary conditions to support analytical (not statistical) generalization.

3.7 Limitations of the methodology

This design trades breadth for depth. Findings are not statistically generalizable, they aim for analytical generalization about TS routines and artefacts in regulated, cross-border settings. Access constraints limited some C-suite perspectives, thereby emphasizing execution/governance design rather than board-level intent. Sector confidentiality restricts visibility into proprietary numbers and internal memos. Triangulation with public artefacts mitigates, but cannot eliminate, this constraint. Single-researcher coding can introduce bias even though a reflexive journal and an audit trail were maintained to curb interpretive drift.

Scope reminder: This study is non-metric by design. It does not measure synergy amounts, ROIC/abnormal returns, or counterfactual effects attributable to TS. It offers a process account, describing how TS routines produce artefacts linked to proximate, descriptive outcomes. Frequency counts in chapter assist navigation but are not causal evidence.

3.8 Researcher positionality and reflexivity

The researcher has professional familiarity with the M&A context and did internships in the Audit sector, working sometimes with M&A professionals. To reduce bias, a reflexive log documented assumptions and decision points. Interpretations were separated from description and claims were bound to what the data can bear (i.e., descriptive routines and artefacts, not effect sizes). When feasible, factual details were cross-checked against public documents, but as already explained accessibility of data was a major limit of this research.

3.9 Summary

Methodologically, the thesis pursues descriptive process tracing of **TS routines** → **artefacts** → **intermediate outcomes** in cross-border financial-services acquisitions via a multiple-case qualitative design with semi-structured interviews and public documentary triangulation. Thisc chapter clarifies scope (no quantification and no causal estimation), defines the unit of analysis and boundaries, and establishes a transparent chain of evidence to support the Findings in Chapter 4 and the interpretive Discussion that follows.

Chapter 4: Findings

4.1 Introduction

This chapter constitutes the empirical heart of the thesis, systematically presenting and organizing the primary and secondary data collected to answer the central research question. It moves beyond the theoretical groundwork of previous chapters to the evidence itself, detailing the role and impact of Transaction Services (TS) in the complex arena of cross-border financial M&A, a sector currently shaped by significant post-pandemic consolidation and heightened regulatory pressures. The findings are marshalled from two complementary sources: a deep-dive, multiple-case study of four landmark transactions and a series of in-depth, semi-structured interviews with senior industry practitioners with different roles to grasp all the multi-faceted aspects of TS and M&A in financial services. This dual approach is deliberately designed to ground the strategic themes of value creation in the concrete, verifiable realities of specific deals.

At its core, the chapter is singularly focused on providing an empirical answer to the question: *How do transaction services (TS), via specific routines that generate contractual, structural, and regulatory artefacts, mitigate deal frictions and enable value capture in cross-border financial services M&A?*

To construct this answer in a logical and transparent manner, the chapter unfolds in a "three-movement" structure:

1. **Within-case descriptive analysis:**

The first movement establishes the factual bedrock for the analysis. It provides a rich, descriptive narrative of each of the four landmark deals under review: the acquisition of Degroof Petercam by Indosuez Wealth Management, HSBC Bank Canada by RBC, Bank of the West by BMO and lastly Numis by Deutsche Bank. This section, drawing exclusively on public records, is strictly concerned with what happened, creating a verifiable context for each transaction before the introduction of primary data, the semi-structured interview classified in a coded thematic way.

2. **Cross-case thematic analysis:**

The second movement pivots from description to analysis, weaving together the insights from the practitioner interviews. This is where the voices of the experts come to the forefront, illuminating the recurring patterns, challenges, and value-creation mechanisms they experience in practice. This analysis is organized thematically around the key phases of the M&A lifecycle to show how and where TS interventions are most critical.

3. **Synthesis of empirical findings:**

The chapter culminates in a final, concise synthesis. This section distills the most salient patterns that have emerged across the cases and interviews, presenting a coherent summary of the findings. It serves as the crucial bridge to the next chapter, teeing up the empirical evidence for the interpretive discussion and theoretical engagement that will follow. Ultimately, this chapter draws a clear, evidence-based line from the specific frictions reported in public documents to the often-unseen TS interventions that practitioners described as being pivotal for creating value.

4.2 Within-case descriptive analysis: The factual record

This section presents the factual record of the four transactions central to this study. The narratives are constructed exclusively from public secondary data, including official company communications, regulatory filings, and financial press coverage, to establish a verifiable account of each deal.

This study employs a purposive, maximum-variation case selection to examine how Transaction Services (TS) teams contribute to value creation in cross-border M&A within financial services. Four transactions were chosen to span:

- Jurisdictional complexity: Europe–Europe (UK Brexit), North America–North America, North America–Europe, and Europe–Europe–North America.
- Deal size: from $1.6 billion to $16.3 billion in transaction value.
- Primary frictions: regulatory approvals, competition concerns, capital-structure timing, and human-capital integration.
- Integration approaches: full absorption, joint-venture partnership, regulatory-condition interventions, and human-capital preservation.

All cases occurred between 2021 and 2024, ensuring a consistent regulatory and market environment. Focusing exclusively on financial-services M&A controls for industry-specific valuation and compliance frameworks. This four-case design balances depth, enabling rigorous within-case analysis, with breadth, facilitating cross-case pattern recognition of TS value-creation mechanisms. To preserve the descriptive nature of §4.2, no interview material is used in this section, all practitioner insights and coded themes appear exclusively in §4.3 Cross-case thematic analysis.

4.2.1 Case 1: Indosuez Wealth Management & Degroof Petercam

A. Deal profile & strategic rationale

On August 4, 2023, Indosuez Wealth Management, the global wealth management subsidiary of Crédit Agricole Group, announced it had signed an agreement to acquire a majority stake in Banque Degroof Petercam, one of Belgium's most prominent private banks (Crédit Agricole Group, 2023). The transaction valued 100% of Degroof Petercam at approximately €1.5 billion (Rosemain, 2023). The deal was structured as a partnership, with Indosuez acquiring a controlling stake of approximately 65%, while the long-term reference shareholder CLdN Cobelfret, a group owned by the Cigrang family, increased its stake to nearly 20% to preserve a strong Belgian anchor (Crédit Agricole Group, 2023).

The primary strategic rationale for the acquisition was to achieve a significant increase in scale and create a "pan-European leader in wealth management" (Crédit Agricole Group, 2023). For Indosuez, the deal was described as "transformational" (Indosuez Wealth Management, 2024), designed to "bulk up fast" in key European markets (Euromoney, 2024) and establish Belgium as its "second domestic market" (Crédit Agricole Group, 2023). The acquisition was projected to significantly boost Indosuez's client assets. The combination of Indosuez's €130 billion in assets (end-2022) and Degroof Petercam's €70+ billion would create a combined entity with approximately €200 billion in client assets under management (AUM) (Indosuez Wealth Management, 2024; Rosemain, 2023).

Furthermore, the acquisition aimed to create a complementary service offering. Indosuez sought to leverage Degroof Petercam's respected 150-year-old brand, its strong fund management expertise, and its established advisory services for entrepreneurs, combining them with Indosuez's own extensive international network (Crédit Agricole Group, 2023; Euromoney, 2024).

B. Salient frictions & challenges

The execution of the transaction involved navigating several notable complexities and hurdles:

- Complex regulatory approval process:

The deal's closure was contingent on securing approvals from multiple regulatory bodies. This included clearance from the European Commission on competition grounds, which was granted on December 15, 2023, after concluding the merger posed no antitrust issues (European Commission, 2023; Van Overstraeten, 2023). As a deal involving a change of control of a bank, it also required a "no objection" from the European Central Bank (ECB) as lead supervisor, in addition to consents from national banking regulators (Cleary Gottlieb Steen & Hamilton LLP, 2024). All conditions and approvals were successfully met by May 24, 2024 (Indosuez Wealth Management, 2024).

- Minority shareholder buyout:

After securing a majority stake, Indosuez was required to address the remaining minority shareholders. This necessitated launching a formal, voluntary public takeover bid filed with Belgium's Financial Services and Markets Authority (FSMA) (FSMA, 2024). The public notice detailed the offer for the outstanding ~11.25% of the company, ensuring equal treatment for minority investors through a transparent and regulated process (FSMA, 2024).

- Integration of two historic institutions:

The merger brought together two venerable banking institutions, with Degroof Petercam founded in 1871 and Indosuez in 1875 (WealthBriefing, 2024). Such mergers inherently pose challenges related to integrating distinct corporate cultures and governance structures. In anticipation of the takeover, Degroof Petercam's governance was adapted, with its annual general meeting in May 2024 approving the co-opting of Indosuez representatives to its board (L'Echo, 2024).

C. Publicly evidenced interventions & outcomes

Public sources confirm the deal successfully closed on June 3, 2024, with Indosuez taking control of 65% of Degroof Petercam (Indosuez Wealth Management, 2024). The publicly reported outcomes resulting from the transaction and its preceding interventions are significant:

- <u>Creation of a European wealth management leader:</u>

The newly combined group manages approximately €200 billion in client assets, employs 4,500 people, and generates around €1.6 billion in revenue, positioning it as a top-tier player in European wealth management (Indosuez Wealth Management, 2024). The deal was lauded by Indosuez's CEO as creating "one of the most comprehensive offerings in the market" (Indosuez Wealth Management, 2024).

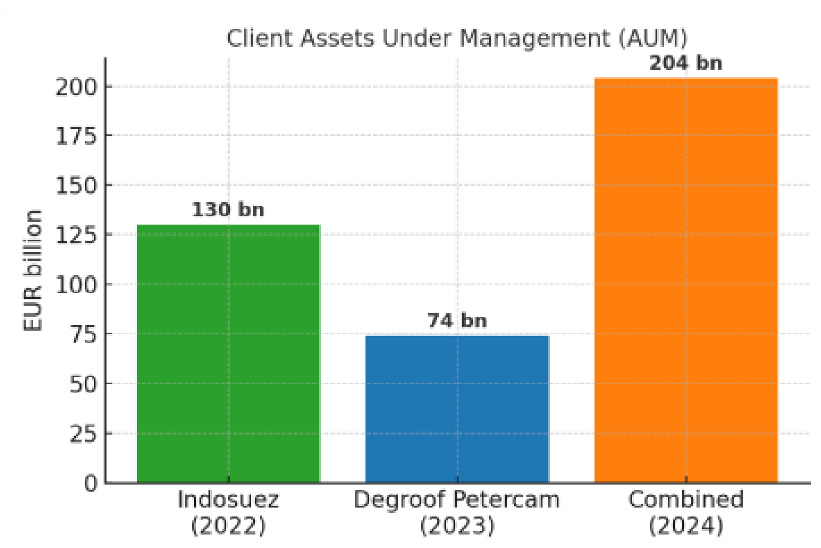

Figure 4.1: Client Assets Under Management (AUM) Pre and Post-Acquisition
Note. The figure illustrates the significant increase in scale achieved by Indosuez Wealth Management following its acquisition of Degroof Petercam.(Rosemain, 2023; Indosuez Wealth Management, 2024). Figure created by the author

- <u>Projected financial synergies:</u>

Crédit Agricole announced its expectation that the transaction will generate significant synergies, contributing an estimated +€150-200 million in additional net income by the year 2028 (Indosuez Wealth Management, 2024).

- <u>Market and stock performance:</u>

The deal was favorably received by market analysts, and following the initial announcement alongside strong quarterly results, Crédit Agricole's stock rose by 5% (Rosemain, 2023).

- Post-closing integration:

Following the closing, the process began to integrate and rebrand Degroof Petercam's various units under the Indosuez umbrella, a process expected to continue into 2025 (Degroof Petercam, 2025). The formal public tender offer for remaining shares was also initiated with the FSMA to move toward 100% ownership (FSMA, 2024).

4.2.2 Case 2: RBC & HSBC Bank Canada

A. Deal profile & strategic rationale

On November 29, 2022, Royal Bank of Canada (RBC) officially announced its agreement to acquire 100% of the common shares of HSBC Bank Canada for an all-cash price of C$13.5 billion (Royal Bank of Canada, 2022; White et al., 2022). The transaction represented the largest deal in Canadian banking history (Reuters, 2022). For RBC, the stated strategic objective was to "strengthen its premium Canadian business" by absorbing HSBC Canada’s unique client base and international capabilities. RBC’s CEO, Dave McKay, articulated a vision for the acquisition to position RBC as the "bank of choice" for commercial clients with global ties, newcomers to Canada, and affluent clients with cross-border financial needs (Royal Bank of Canada, 2022).

The target, HSBC Bank Canada, was the country's seventh-largest bank with approximately C$134 billion in assets, 130 branches, and 4,200 employees (Royal Bank of Canada, 2022; White et al., 2022). Its corporate parent, UK-based HSBC Holdings, initiated the sale following a strategic review of its global operations (HSBC Holdings plc, 2022). With only a ~2% market share in Canada, HSBC determined it would focus on core markets rather than continue to invest in its Canadian operations (Royal Bank of Canada, 2022; HSBC Holdings plc, 2022). The sale was expected to net HSBC a pre-tax gain of roughly US$5.7 billion, with leadership signaling that proceeds could be returned to shareholders through a special dividend (HSBC Holdings plc, 2022; White et al., 2022).

B. Salient frictions & challenges

The acquisition faced immediate and significant scrutiny from regulators and politicians, representing the primary friction in the deal's timeline.

- Intense regulatory review:

On the day of the announcement, Canada's Department of Finance confirmed that the deal required "necessary regulatory approvals," signaling a rigorous and lengthy process ahead (Department of Finance Canada, 2022). The review was formally conducted by two key bodies: the Competition Bureau, tasked with examining the deal's impact on market competition, and the Office of the Superintendent of Financial Institutions (OSFI), which assessed prudential requirements under the *Bank Act* (Rajagopal & Singh, 2022). The Competition Bureau even took the unusual step of inviting public comment, receiving over 1,500 submissions from Canadians concerned about the merger's impact (Competition Bureau Canada, 2023).

- Significant competition concerns:

While the Competition Bureau's final report on September 1, 2023, concluded that the merger was "not likely to result in a substantial lessening or prevention of competition" under the legal definition, it raised serious concerns (Competition Bureau Canada, 2023). The Bureau explicitly noted that the deal would "result in a loss of rivalry" in an already highly concentrated market. It highlighted that HSBC Canada often acted as an aggressive competitor and "disruptor," particularly by offering some of the market's lowest mortgage rates, and its elimination could reduce pressure on other banks to maintain competitive pricing (Competition Bureau Canada, 2023).

- Political and public opposition:

The transaction encountered strong political headwinds. In November 2023, the House of Commons Standing Committee on Finance held hearings and subsequently recommended that the federal government reject the deal (Reuters, 2023). The committee, with support from all opposition parties, argued that removing a competitor would inevitably harm consumers by driving banking fees higher in an already uncompetitive sector (La Presse Canadienne, 2023).

C. Publicly evidenced interventions & outcomes

The resolution of the deal's challenges came in the form of direct government intervention that imposed a unique set of binding commitments on RBC as a condition of approval.

- Conditional government approval:

On December 21, 2023, the Minister of Finance, Chrystia Freeland, formally approved the acquisition (Department of Finance Canada, 2023; Balu, 2023). The approval, however, was contingent upon RBC adhering to an unprecedented and extensive set of terms and conditions, which were made legally enforceable under the Bank Act. This novel approach allowed the "once-in-a-generation" merger to proceed while seeking to address the concerns raised during the review process (The Canadian Press, 2023).

- Binding commitments as interventions:

The conditions imposed on RBC served as direct interventions to mitigate the risks of the merger. Key commitments included:

  - **Jobs:** No layoffs of any HSBC Canada employees for six months post-closing and retention of all front-line branch staff for at least two years (Department of Finance Canada, 2023).

    - **Branches:** Keep a minimum of 33 former HSBC branches open for at least four years (Department of Finance Canada, 2023).
    - **Consumer protections:** Freeze certain account fees for 18 months, honor HSBC's premium account fee waivers, and ensure fair conversion of credit card reward points (Department of Finance Canada, 2023; Voisine, 2024).
    - **Community benefits:** A landmark commitment to provide C$7 billion in financing for affordable housing construction and to donate at least 1% of its annual pre-tax profits to charity (Department of Finance Canada, 2023; Agence QMI, 2023).
- Successful closing and integration:

With conditional approval secured, the transaction legally closed on March 28, 2024 (Royal Bank of Canada, 2024; Reuters, 2024). Over the subsequent weekend, HSBC Canada's operations, branches, and 780,000 clients were migrated to RBC's systems, with locations reopening under the RBC brand on April 1, 2024 (Royal Bank of Canada, 2024). This solidified RBC's position as Canada's largest bank and allowed HSBC Holdings to complete the C$13.5 billion sale and subsequently issue a special dividend to its investors (Reuters, 2024; White et al., 2022).

4.2.3 Case 3: Bank of Montreal (BMO) & Bank of the West

A. Deal profile & strategic rationale

On 20 December 2021, Bank of Montreal (BMO) announced an agreement to acquire 100% of Bank of the West (BOTW) from BNP Paribas for US$16.3 billion in cash, the largest transaction ever by a Canadian bank (BMO Financial Group, 2021; BNP Paribas, 2021; Saminather & Kar-Gupta, 2021). Prior to its acquisition by BMO, Bank of the West was the U.S. subsidiary of the French banking giant BNP Paribas. It operated as a substantial regional bank with approximately US$105 billion in assets, over 500 branches, and a strong franchise serving 1.8 million customers, primarily in California and other western states. The price of the transaction represented ~1.72× tangible book value and ~20% of BNP Paribas's market capitalisation. At announcement, BOTW reported ~US$105 billion in assets, US$56 billion in loans, and US$89 billion in deposits, with more than 500 branches, over 70% of which were located in California (BMO Financial Group, 2021).

The acquisition was positioned as a step-change in BMO's U.S. growth strategy, extending its footprint from 9 to 32 states and providing scaled entry into California's high-growth metropolitan markets (Los Angeles, San Francisco, Silicon Valley) (BMO Financial Group, 2021, 2023a). BMO expected immediate earning per share accretion on closing, with ~10% earnings uplift by FY2024, underpinned by ~C$860 million in targeted annual cost synergies (~35% of BOTW's cost base) through systems integration and overhead optimisation, with no branch closures planned. Earning per share accretion is a technical way of stating that the acquisition is expected to immediately increase the acquiring company's profit on a per-share basis, signaling that the transaction is profitable right from the start.

Revenue synergies, such as cross-selling wealth management and capital markets products were treated as upside potential (DBRS Morningstar, 2021; BMO Financial Group, 2021). The deal was financed primarily through BMO's and BOTW's excess capital, complemented by ~C$2.7 billion in new equity issuance. Management guided for a temporary CET1 ratio dip to ~11% at closing, followed by capital rebuild through retained earnings (BMO Financial Group, 2021).

B. Salient frictions & challenges

Regulatory complexity in a cross-border context:

As a Canadian bank acquiring a U.S. subsidiary of a French bank, the transaction required multi-jurisdictional regulatory clearance. In the United States, the Federal Reserve and the Office of the Comptroller of the Currency (OCC) subjected the deal to extended scrutiny on competition, community impact, and financial stability, holding a joint public meeting in July 2022 (Board of Governors of the Federal Reserve System, 2023; OCC, 2023). Feedback from community groups led BMO to announce a US$40 billion five-year Community Benefits Plan targeted at low and moderate-income communities (BMO Financial Group, 2022).

The Federal Reserve's January 2023 approval order imposed conditions including submission of an updated U.S. resolution plan and adherence to heightened prudential standards, as the combined U.S. operations would exceed key regulatory thresholds (Board of Governors of the Federal Reserve System, 2023).

Capital management under evolving requirements:

In Canada, the Office of the Superintendent of Financial Institutions (OSFI) monitored capital adequacy closely, raising the Domestic Stability Buffer during the review period. In Canada, the OSFI uses the Domestic Stability Buffer (DSB) as an additional capital requirement for Domestic Systemically Important Banks (D-SIBs). The DSB is built up in stable periods and can be drawn down during stress to absorb losses and maintain financial stability. OSFI reviews the buffer twice a year based on systemic risks, such as high household debt and global uncertainty (OSFI, 2023). BMO responded by pausing share buybacks and using a discounted dividend reinvestment plan to bolster capital (La Presse Canadienne, 2023). BNP Paribas obtained European Central Bank consent to divest its U.S. unit (BNP Paribas, 2021).

Execution risk of large-scale integration:

Both institutions had conservative credit cultures, but the integration of IT systems, harmonisation of processes, and retention of customer relationships across a new 1,000+ branch footprint posed operational challenges (DBRS Morningstar, 2021).

C. Publicly evidenced interventions & outcomes

Regulatory approvals and commitments:

The transaction received all required approvals by mid-January 2023 and closed on 1 February 2023 (BMO Financial Group, 2023; Sudip Kar-Gupta, Aloisi, & Saini, 2023). U.S. regulatory clearance was partly enabled by BMO's binding community investment commitments and pledge to retain all front-line branch staff with no closures tied to the deal (OCC, 2023).

Integration and brand transition:
BMO budgeted ~C$1.7 billion for integration, including IT migration, rebranding, and severance. A phased technical conversion was implemented: BOTW continued to operate under its own systems until Labour Day weekend 2023, when all accounts were migrated to BMO platforms. This timing minimised disruption and preserved client relationships during the transition (BMO Financial Group, 2023; The Business Journal, 2023).

Early signs of value creation:
By mid-2023, BMO reported positive traction in cross-selling investment products and loan growth in California, while maintaining strong client retention rates post-migration. The U.S. share of BMO's earnings rose from ~36% pre-deal to ~44% post-deal, supporting geographic diversification and reducing reliance on the Canadian market (BMO Financial Group, 2023). Cost synergy realisation reached ~50% of target within the first year. (BMO Financial Group, 2023; DBRS Morningstar, 2021).

BNP Paribas's strategic redeployment:
For BNP Paribas, the sale crystallised ~€2.9 billion net profit, enabling €4 billion in share buybacks and redeployment of ~€7 billion into European growth initiatives and targeted acquisitions (BNP Paribas, 2023). A cross-referral arrangement with BMO preserved certain North American client servicing capabilities post-exit (BNP Paribas, 2023).

4.2.4 Case 4: Deutsche Bank & Numis

A. Deal profile & strategic rationale

On 28 April 2023, Deutsche Bank announced a definitive agreement to acquire Numis Corporation for £410 million in cash, representing 350 pence per share and a 72% premium to Numis's closing share price of 204 pence the previous day (Deutsche Bank AG, 2023; Reuters, 2023). The transaction marked Deutsche Bank's largest acquisition in over a decade and represented a strategic expansion of its UK investment banking capabilities through the acquisition of one of London's leading independent corporate brokers (Süddeutsche Zeitung, 2023).

Numis brought approximately 340 employees and relationships with over 170 corporate clients, including 64 FTSE 350 companies, positioning the combined entity as a leading force in UK equity capital markets and corporate advisory services (Deutsche Bank AG, 2023). The strategic rationale centered on Deutsche Bank's "Global Hausbank" strategy, aimed at deepening corporate client engagement in the UK market through enhanced equity capital markets capabilities and M&A advisory services (Frankfurter Allgemeine Zeitung, 2023). Management projected the transaction would be earnings-per-share accretive from 2024 with only a modest 9 basis points impact on Deutsche Bank's CET1 capital ratio (Deutsche Bank AG, 2023).

The acquisition occurred during a prolonged downturn in UK capital markets activity, with IPO issuance and equity transactions significantly curtailed throughout 2022-2023 (The Telegraph, 2023). Deutsche Bank's investment during this cyclical trough was characterized as a strategic bet on the eventual recovery of London's capital markets, with management emphasizing the "compelling strategic fit" and cultural alignment between the organizations (Deutsche Bank AG, 2023).

B. Salient frictions & challenges

Stakeholder skepticism regarding strategic coherence:

The acquisition faced material criticism from equity analysts who questioned its alignment with Deutsche Bank's stated strategic priorities. JPMorgan analysts characterized the deal as "not aligned with what shareholders want to see more of, retail-type stable earnings, more cost focus... and capital return," reflecting broader stakeholder expectations for disciplined capital allocation rather than investment banking expansion (Financial News, 2024). This skepticism was compounded by Deutsche Bank's previous retreat from equities trading in 2019, creating perception challenges around strategic consistency that required extensive management communication to address concerns about an apparent strategic reversal (Deutsche Bank AG, 2023a).

Market timing and valuation concerns in cyclically depressed conditions:
The transaction's execution during one of the most challenging periods for UK capital markets created inherent valuation complexities. Numis's 2022 financial performance reflected the market downturn, with revenue of £144 million and profit before tax of £20.9 million representing significant declines from prior periods (Numis Corporation, 2022). The resulting valuation multiples of approximately 2.8× revenue and 19× net earnings appeared elevated relative to depressed current earnings, necessitating justification based on anticipated market recovery and synergy realization rather than current financial metrics (Investment Week, 2023).

Cross-border regulatory coordination across multiple jurisdictions:
The transaction required approvals from financial regulators in the UK, EU (Ireland), and United States due to Numis's international operations, creating coordination complexities across diverse regulatory frameworks. The UK Competition and Markets Authority conducted a preliminary review before confirming it had "no further questions" and would not open a formal competition inquiry, while the Central Bank of Ireland provided change-of-control approval on 25 September 2023 for Numis's EU operations (Investegate, 2023). The sequential nature of these approvals created execution uncertainty, with the transaction's timeline dependent on satisfactory clearance across all relevant jurisdictions.

C. Publicly evidenced interventions & outcomes

Shareholder approval and court-sanctioned completion:

Numis shareholders overwhelmingly approved the transaction at court-ordered meetings on 21 June 2023, with 97.7% of votes cast in favor of the scheme of arrangement and 99.9% approval for related resolutions (Investment Week, 2023). The High Court sanctioned the scheme on 11 October 2023, enabling completion on 13 October 2023 when Numis shares were suspended from trading on the London Stock Exchange's AIM market and subsequently delisted on 16 October 2023 (Deutsche Bank AG, 2023).

Brand integration and operational consolidation:

The combined entity was immediately rebranded as "Deutsche Numis," with Numis's co-Chief Executives Alex Ham and Ross Mitchinson continuing as Co-CEOs reporting to Deutsche Bank's EMEA investment banking leadership (Deutsche Bank AG, 2023). Initial integration preserved Numis's core UK operations while approximately 35 Deutsche Bank staff were co-located with Numis's 300+ employees to facilitate cross-selling and operational alignment (Reuters, 2023).

Moreover, the primary value driver in the Numis acquisition lay in human capital and client-relationship continuity rather than asset transfers or large-scale systems migration. Numis's core asset was its deep, long-standing relationships with UK corporates and its specialized sector expertise embedded in its advisory teams. Consequently, Deutsche Bank's integration approach consciously preserved Numis's leadership team, retaining Co-CEOs Alex Ham and Ross Mitchinson and maintained the boutique's organizational structure and client-coverage model. This human-capital–centric strategy ensured that the specialized knowledge, trust-based client networks, and advisory capabilities that underpinned Numis's market position were safeguarded and leveraged immediately under the Deutsche Numis banner (Deutsche Bank AG, 2023; Crowley, 2023).

Strategic rationalization of international operations:

In May 2024, Deutsche Bank announced the closure of Numis's United States and EU operations as part of post-acquisition rationalization. Numis Securities Inc., with approximately 12 staff in New York, and the Dublin-based EU stockbroking operation established in 2022 were wound down, with selected personnel transferred to Deutsche Bank's existing international platforms (Euronews, 2024). This consolidation eliminated operational redundancies while concentrating resources on the core UK franchise that formed the strategic rationale for the acquisition.

Financial performance and valuation adjustments:

Deutsche Bank recorded a €233 million goodwill write-down on the Numis acquisition in February 2024, reflecting reassessment of the asset's carrying value amid continued challenging UK market conditions (Financial News, 2024). However, Numis reported a significantly improved £0.9 million pre-tax loss for the 15-month period to December 2024, compared to a £43.6 million loss in the previous 12-month period, indicating successful cost synergy realization and operational integration (Financial News, 2024). By end-2024, Deutsche Bank management affirmed the acquisition was "already opening doors" to enhanced UK corporate relationships and had achieved improved rankings in UK equity underwriting league tables (Handelsblatt, 2024).

4.3 Cross-case thematic analysis: Practitioner insights on value creation

4.3.1. The pre-deal phase:

This theme examines how Transaction Services (TS) contribute to value creation before signing by converting uncertainty into decision-grade inputs across four recurrent fronts: regulatory feasibility, information asymmetry and accounting regimes, the valuation of intangibles, and culture–governance fit. Evidence is drawn from the coded interview corpus (Annexe 7), and triangulated to the factual record in §4.2 to preserve the descriptive–analytical firewall.

Regulatory feasibility and deal certainty as primary value levers:

Practitioners consistently elevate regulatory feasibility from a late “checklist” to a gating determinant of the thesis. One interviewee states that “regulatory feasibility has gone from a checkbox item to a go/no-go driver,” noting that approval mapping, timeline modeling, and probabilistic assessment now begin on day one rather than after commercial workstreams (Interview A, Annexe 7, 2025). A board-level perspective corroborates the shift: external counsel are mandated to deliver a formal, multi-jurisdictional path-to-approval as part of the pre-deal package, with directors “grilling” legal advisers on sequencing and contingencies before permitting a bid (Interview D, Annexe 7, 2025). Corporate leaders describe a “dual-track” feasibility process in which commercial–financial analysis proceeds in parallel with foreign-investment and prudential screens. Deals no longer advance to intensive diligence without high confidence on the regulatory front (Interview B, Annexe 7, 2025). The pattern aligns closely with the case study: the conditional approval architecture in RBC & HSBC Canada and the public-hearing and community-benefits commitments in BMO & Bank of the West are precisely the early, priced mechanisms interviewees describe as turning approval risk into modeled constraints rather than ex-post surprises.

From audit assurance to strategic decision support:

Interviewees draw a sharp boundary between statutory assurance and TS’s decision-oriented diligence. A Big Four practitioner characterizes the core challenge as navigating incomplete, heterogeneous data under extreme time pressure, where the task is to “clean and normalize” multi-GAAP datasets fast enough to influence structure and price (Interview E, Annexe 7, 2025). An auditor adds that value hinges on interrogating the quality of accounting, Internal Control over

Financial Reporting (ICFR) robustness and aggressiveness of policy choices become overly important since compliant but stretched policies can distort valuation in cross-border contexts (Interview C, Annexe 7, 2025). Critically, the client-side M&A director emphasizes that the contribution that matters is the transformation of abstract risks into quantified valuation impacts, he explained that “they turn ambiguity into leverage”, yielding concrete euro amounts that calibrate price, covenants, and indemnities or even MAC clause (Interview B, Annexe 7, 2025). The §4.2 narratives echo this translation function: conditional fee freezes and branch-retention commitments in RBC & HSBC Canada are the priced outputs of pre-deal regulatory risk. Synergy budgets and integration envelopes in BMO & Bank of the West mirror the quantified outputs of IT and operational diligence.

Intangibles at the core of financial-services value:

Across roles, interviewees insist that franchise value in private banking and advisory rests in brand, human capital, client relationships, and regulatory know-how. An insider view on Degroof Petercam notes that the “most difficult part to value” was the Belgian brand and reputation with a long-standing client trust, process credibility, and stability. He was arguing that rebranding would destroy the very intangible value being acquired (Interview A, Annexe 7, 2025). A business strategist lead extends the point: strategic fit is adjudicated on complementary resources and dynamic capabilities, not just near-term accretion: brand reach, distinctive products constrained in one jurisdiction but permissible in another, and the group’s ability to support R&D on derivatives for instance are central to the deal (Interview G, Annexe 7, 2025). The descriptive record in §4.2.1 is congruent with these accounts: Indosuez–Degroof preserved the Belgian brand and embedded a governance anchor, choices interviewees frame as direct preservation of intangible assets rather than cosmetic optics (Interview A, Annexe 7, 2025).

Culture and governance diagnostics to prevent post-deal leakage:

Culture emerges as a pre-deal risk factor that, if ignored, becomes a post-closing leakage channel. A corporate M&A director reports institutionalizing early-stage cultural diagnostics (decision-making norms, risk appetite, communication style and especially culture in cross-border M&A), alongside an assessment of “regulatory divergence” risk across jurisdictions, which can create persistent compliance friction that erodes modeled synergies (Interview B, Annexe 7, 2025). A board member translates this into governance expectations: beyond diligence, directors and decision-makers want an integration readiness deliverable before signing: decision rights, steering structures, cadence, day-one risks, and flagged culture frictions, because the board “relies on independent and objective professional judgment” to keep deal fever in check (Interview D, Annexe 7, 2025).

Practitioners also recount concrete negotiation slowdowns traceable to cultural misreads, requiring senior-level resets to re-establish relational ground before numbers could move (Interview A, Annexe 7, 2025). These interview-based mechanisms help explain descriptive patterns in §4.2: BMO & Bank of the West embedded stakeholder and staffing commitments into the path-to-close, while Deutsche & Numis preserved boutique leadership and client-coverage architecture from day one both consistent with anticipatory culture–governance work highlighted by interviewees.

4.3.2. The deal-execution phase:

This theme examines how Transaction Services (TS) convert due-diligence outputs into negotiation leverage and contractual architecture during execution. Across interviews, practitioners converge on a single operational logic: TS protects value by transforming diagnostic findings into price mechanics, protections in the share purchase agreement (SPA), and regulator-facing commitments that collectively reduce downside variance at closing. Evidence is drawn from the thematically coded semi-structured (Annexe 7), with verbatim statements used and tied to their speakers; descriptive events in §4.2 are used solely to triangulate patterns.

From diagnostic to economics:

Practitioners are clear that the diligence inflection point is not the report but its translation into economics: quality-of-earnings (QoE), revenue durability, and working-capital dynamics are recast into normalized metrics that move the headline price and the purchase-price adjustment (PPA). A corporate M&A director describes the value as residing "in translating the findings… into concrete actions that protect the deal's value," including the calibration of protections and even breakup-fee logic where appropriate (Interview B, Annexe 7, 2025).

Auditors draw the methodological line: assurance certifies the past, while TS must interrogate sustainability and the future somehow "the question changes from 'Are these numbers correct?' to 'Are these numbers sustainable?'" (Interview C, Annexe 7, 2025). Big-Four TS practitioners add that information asymmetry (multi-GAAP/IFRS, uneven data granularity) is the recurrent risk TS monetizes into adjustments and definitions that the legal team can then hard-wire (Interview E, Annexe 7, 2025). The cases reflect this logic in observable outputs: RBC & HSBC Canada translated regulatory findings into explicit, time-bound commitments that effectively "priced" approval risk into the transaction perimeter. BMO & Bank of the West similarly embedded supervisory expectations (Federal Reserve/OCC) into its closing framework, signalling ex-ante acceptance of cost compliance constraints.

Locked-box versus completion-accounts:

Interview evidence is remarkably consistent that TS findings determine the price mechanism. Where reporting is stable and leakage risk low, a locked-box can minimize friction; where reporting integrity, cut-off, or debt-like exposures are uncertain, completion accounts prevail. One TS partner notes that diligence routinely "uncovers… debt-like items" that must be pulled into the net-debt definition to avoid overpayment, and that the robustness of reporting "is the key factor" in the mechanism choice (Interview E, Annexe 7, 2025).

A complementary corporate view underscores the same move from spreadsheet to SPA. TS provides "a quantified list" of such items to ensure they are captured contractually, directly reducing consideration and impacting pricings (Interview E, Annexe 7, 2025). The acquisition of

Numis by Deutsche Bank provides a clear real-world example of this. The deal was executed using a specific legal method, a "scheme of arrangement", at a time when Numis's profits were unusually low due to a downturn in the economic cycle. This difficult context meant that both the valuation and the legal mechanism required an especially strong justification to account for the volatile and unreliable financial data. This is precisely where the interview findings add value: they explain the principles behind how and why such strategic decisions are made, without speculating on the private details of this specific transaction.

From findings to protections:

Legal counsel in the corpus stress that TS must remain “in the loop” after diligence so that model revisions do not quietly dilute flagged risks: “Keeping legal in the loop ensures red flags aren’t quietly diluted out of the financial narrative” (Interview D, Annexe 7, 2025). Boards, for their part, do not reward volume of paper; they reward judgment with context. Advisers who can isolate “the 3 things that could materially impact value” and ensure they are reflected in the SPA or in conditions to closing is what they are looking for when being presented a deal at a board meeting (Interview D, Annexe 7, 2025). On the buy-side, practitioners report that TS outputs directly influence the scope and survival of representations and warranties, the inclusion of targeted specific indemnities, and the decision to use W&I insurance where it improves recoverability relative to the seller’s covenant package (Interview B, Annexe 7, 2025). The RBC & HSBC Canada file provides strong triangulation: value-critical risks were not left as abstract diligence notes: they were externalized into binding, time-delimited obligations imposed as approval conditions, functional analogues to contractual protections, but enforced by the state rather than private remedies.

<u>Regulatory diligence as structuring:</u>

Deal execution in regulated finance increasingly treats regulatory feasibility as a structuring variable rather than a post-signing hurdle. Board-level testimony in the corpus emphasises “a formal opinion from external counsel” on multi-jurisdictional paths to approval and insists on governance artefacts that will withstand supervisory scrutiny (Interview D, Annexe 7, 2025). C-suite partners confirm the strategic lens has inverted, what is “doable” shapes what is “desirable” and TS/legal outputs inform covenants and conditions precedent at signing rather than remediations after (Interview G, Annexe 7, 2025).

In our case analysis, this is visible in BMO & Bank of the West, where supervisory requirements (e.g., resolution-planning expectations and community-benefits undertakings) were woven into the execution path, and in Indosuez–Degroof, where the minority-tender architecture and governance adjustments were sequenced to complete control within a regulated perimeter. Transaction Services turn regulatory risks into clear deal requirements such as conditions precedent, specific promises, or defined deal scope so that closing can proceed smoothly without last-minute surprises (Interview B, Annexe 7, 2025).

<u>Minimising leakage between workstreams:</u>

A recurrent execution failure, according to multiple interviewees, is the loss of fidelity when findings move from diligence teams to negotiators and modellers. Counsel argue for a single narrative that bridges legal and financial streams so boards can act on impact, timing, and likelihood rather than on siloed lists (Interview D, Annexe 7, 2025). TS practitioners similarly report that post-DD model iterations without legal oversight re-inflate risks that had been priced or protected in the first pass (Interview D, Annexe 7, 2025). The Deutsche & Numis execution, with its immediate leadership retention and re-branding choices at completion, triangulates the interview claim that non-financial diligence (people, client-coverage architecture, platform interdependencies) must already be embedded in execution decisions to avoid day-one value loss. The public outcomes in the cases study are consistent with that integration logic even if the underlying diligence artefacts are private.

4.3.3. The post-closing phase:

In the post-closing phase, practitioners describe Transaction Services (TS) as shifting from risk identification to execution enablement. The recurring mechanisms are governance design and continuity from diligence, early human-capital stabilisation, systems and control integration, and the operationalisation of the “deal thesis” into measurable initiatives. These mechanisms are consistently framed as the means by which value is actually realised rather than assumed.

Integration governance and continuity from diligence:

Interviewees converge that many integrations stumble when momentum and tacit knowledge from diligence are not carried into the first 100 days. One practitioner calls the biggest mistake “losing the knowledge and momentum from the due diligence phase,” arguing for the deliberate carry-over of key DD personnel into the Integration Management Office (IMO) so identified risks and opportunities are “actively managed from day one” (Interview B, Annexe 7, 2025).

Boards echo this, placing their oversight on direction, monitoring, and accountability rather than micromanagement. What they demand from advisors pre-close is an “integration readiness report” and a governance design with owners, cadence, and escalation paths (Interview D, Annexe 7, 2025). In practice, TS are portrayed as the bridge: they translate diligence artefacts into an integrated risk register, propose the IMO structure, and ensure legal and financial findings remain coupled during model updates so that red flags aren’t quietly diluted out. The cases provide visible correlation of this governance logic: RBC & HSBC Canada transformed pre-deal risks into binding, time-delimited obligations that could be tracked and reported after closing, while BMO & Bank of the West executed a scheduled systems migration during a specific low traffic timeframe and ran an integration budget consistent with a pre-agreed steering architecture.

Operationalising the deal thesis into measurable initiatives:

Practitioners emphasise that value realisation depends on converting the headline synergy case into granular, owned, and time-bound initiatives. Advisors describe their post-close role as decomposing the synergy bridge into “hundreds of specific initiatives, each with a designated owner, a timeline, and a financial target," consolidated in a dashboard that becomes the IMO's single source of truth (Interview E, Annexe 7, 2025).

A business strategist adds that measurement must not be restricted to cost KPIs: whether the thesis is technological capability or market entry, post-close tracking should include adoption rates or share gains, keeping integration choices tethered to the original rationale (Interview G, Annexe 7, 2025). This aligns with cases patterns in which public commitments and synergy targets act as externalised KPIs. Notably in RBC & HSBC Canada, where fee freezes, branch commitments, and community-finance targets created a measurable post-close perimeter.

<u>Human capital as the asset: stabilising and retaining what was bought</u>

In wealth and advisory businesses, interviewees are unequivocal: "the human capital is the asset," and attrition risk is "immense and immediate" (Interview F, Annexe 7, 2025). The strongest retention designs are purpose and project-linked. "Project-based" bonuses tied to critical integration milestones outperform blanket packages with financial incentives, segmenting by flight risk and role criticality prevents overpaying the safe while under-insuring the pivotal (Interview E, Annexe 7, 2025; Interview G, Annexe 7, 2025).

Several accounts also highlight "retention through purpose," where visible mandates (e.g., an innovation hub) and joint leadership assignments send an early signal that the future is co-created, not imposed (Interview G, Annexe 7, 2025). Insider testimony from Indosuez–Degroof is consistent: the intangible core, brand and client trust, was protected through branding choices and deliberate role-design to keep key people engaged. Where scope visibly shrank without alternatives, attrition followed (Interview A, Annexe 7, 2025). These mechanisms triangulate with Indosuez emphasis on preserving the Belgian brand and governance anchor as part of value protection. They recognized the value of the brand "Degroof Petercam/Degroof Petercam Asset Management" and its people because usually after such an acquisition, there is a rebranding of the acquired company around the acquiree, like we saw with Numis, which became post-deal Deutsche Numis.

<u>Systems, data, and control environment: the non-negotiable backbone:</u>

Practitioners consistently identify IT and data integration as the most complex and delay-prone driver of realised synergies: running two systems "until migration" creates double cost, and consolidations entail "one-off migration fees" and short-term efficiency dips (Interview A, Annexe 7, 2025). An investment analyst working at Degroof Petercam and Indosuez confirms that creating a single platform requires meticulous mapping of financial and reporting data and strict programme governance to avoid disruption (Interview A, Annexe 7, 2025).

Auditors emphasise the adjacent risk: if the control environment is not unified quickly, the combined entity suffers a "black hole" in reliable performance visibility, undermining synergy and creating avoidable regulatory exposure (Interview C, Annexe 7, 2025). In the case study, these observations match observable execution choices: BMO & Bank of the West staged a single long-weekend conversion in 2023 to limit customer disruption. RBC & HSBC Canada executed a rapid systems migration at close, while Indosuez & Degroof signalled a multi-year integration path into 2025 and Deutsche–Numis prioritised human-capital and client-coverage continuity where systems migration was not an identified value driver.

Culture, communication, and the first 100 days:

Post-close, interviewees warn that silence is destructive. The “single biggest mistake” is delaying clarity on people and structure, allowing a vacuum filled by “fear, gossip, and resistance” (Interview F, Annexe 7, 2025). Others stress the need to restate the deal thesis relentlessly so that functional workstreams do not become “ends in themselves,” particularly in cross-border settings where local norms vary (Interview G, Annexe 7, 2025). Insiders add a pragmatic lens: language and working-style differences complicate collaboration, so early norms for decision-making and communication cadence matter for a good execution capacity (Interview A, Annexe 7, 2025). The public outcomes from the cases offer consonant examples: Deutsche & Numis preserved boutique leadership and client-coverage architecture at completion, then rationalised international perimeters months later. This sequence is consistent with interview accounts that immediate continuity in people and client relationships protects the franchise while deeper operating changes are staged.

What TS specifically enable after closing:

Across roles, TS are not depicted as “exiting at signing”, but as enablers of execution discipline when retained into early integration. Concretely, they sustain continuity between diligence and integration by maintaining the cross-functional risk register and attending early model revisions with legal. They implement the measurement backbone, initiative-level baselines, KPI logic, and dashboards for the IMO and the board, and choreograph the critical path for IT, controls, and regulatory obligations so that synergy timing and compliance milestones are auditable and credible (Interview D; Interview E; Interview B, Annexe 7, 2025). The cases showcase these same levers in the public domain: binding commitments in RBC & HSBC Canada, time-boxed conversions for BMO & Bank of the West, intangible-asset protection in Indosuez & Degroof, and people-centric sequencing in Deutsche & Numis.

The cross-case evidence and practitioner interviews converge on a staged pattern of value creation by transaction services. In the pre-deal phase, TS increase deal certainty by engineering the regulatory approval path and translating early red flags into quantified constraints that shape the deal thesis. During execution, diligence outputs are converted into economics and contract architecture like quality-of-earnings normalisations, working-capital definitions, debt-like item capture, and mechanism choice together with regulator-facing undertakings that protect signed value at closing like MAC clause. In the post-closing phase, TS enable realisation by carrying diligence knowledge into integration governance, stabilising critical human capital, and compressing systems and control-environment risk so that synergy claims convert into measured outcomes.

These tables act as an audit trail of the interview evidence: they make the coding frame visible, show where testimony clusters across stages, and reduce any risk of selective quoting, frequencies remain descriptive and do not imply importance.

Level-1 code	***Description (Annexe 6)***	***Count***	***Share***
B	TS Routine & Artefacts	68	36.96 %
C	Value creation outcomes	60	32.61 %
A	Challenge & Frictions	56	30.43 %
Total		**184**	**100 %**

Table 4.1

Distribution of level-1 thematic codes across the interview corpus

Note. Counts are coded segments (*n* = 184). Segments may carry multiple codes. Code labels/definitions per Annexe 6; full matrices and excerpts in Annexe 7. Compiled by the author from the semi-structured interview corpus.

Level-2 Code	***Description (Annexe 6)***	***Count***	***Share***
B1	Pre-deal & Due diligence	32	17.39 %
C1	Risk reduction & value preservation	27	14.67 %
B3	Post-deal & integration	23	12.5 %
C3	Strategic & non-financial value	20	10.86 %

A4	Resource intangibility (RBV)	19	10.32 %
A2	Institutional distance (Formal)	13	7.06 %
B2	Deal execution & structuring	13	7.06 %
C2	Financial value creation	13	7.06 %
A1	Information asymmetry (TCE)	13	7.06 %
A3	Institutional distance (Informal)	11	5.97 %
Total		**184**	**100 %**

Table 4.2

Distribution of level-2 thematic codes across the interview corpus

Note. Counts are coded segments (*n* = 184). Segments may carry multiple codes. Code labels/definitions per Annexe 6; full matrices and excerpts in Annexe 7. Compiled by the author from the semi-structured interview corpus.

4.4 Synthesis

This chapter assembled a two-part evidence base: public, within-case records of four cross-border financial-services transactions (2021–2024) and a cross-case thematic analysis of practitioner interviews, to describe how Transaction Services (TS) contribute to value creation across the deal lifecycle. The within-case narratives established verifiable context, the interview corpus then surfaced recurring, stage-specific mechanisms without inferring causality.

Empirically, three regularities repeat across cases and roles. Pre-deal, TS elevates regulatory feasibility from a late checklist to a gating determinant, converting approval risk into modeled constraints and go/no-go logic. During execution, TS translate diligence outputs into economics and contract architecture normalizations (QoE, working capital), debt-like capture, mechanism choice (locked-box vs. completion accounts), and regulator-facing undertakings, so that identified risks are priced and protectable at signing and close. Post-close, TS enable realization by carrying diligence knowledge into integration governance, stabilizing critical human capital, and compressing systems/control-environment risk through structured conversion plans and dashboards. These patterns are descriptively evidenced in the case record (e.g. conditional undertakings and community commitments, phased or time-boxed platform migration, brand and leadership continuity where franchise value is people and client-relationship-centric).

The coding audit trail corroborates this staged emphasis. At Level-1, coded segments distribute across B: Interventions & mechanisms (68; 36.96%), C: Value-creation outcomes (60; 32.61%), and A: Challenges & frictions (56; 30.43%) (n=184). At Level-2, the most frequent themes are B1:

Pre-deal & due diligence (32; 17.39%), C1: Risk reduction & value preservation (27; 14.67%), and B3: Post-deal & integration (23; 12.50%), followed by C3: Strategic & non-financial value (20; 10.86%). As noted in the chapter, these frequencies are descriptive, they document where interview testimony clusters, they do not assign importance or imply effects.

Scope and limits are explicit. The evidence is bound to cross-border financial-services M&A in 2021–2024, four landmark cases of varying size and jurisdictional complexity, and a set of senior practitioners across complementary roles. Confidential diligence artefacts are not disclosed. Triangulation rests on public filings and consistent interview patterns. Within those boundaries, the data provide a clear, reproducible picture of the where and how of TS involvement across stages, suitable for interpretation in the next chapter.

The task of the Discussion chapter is now to interpret these empirical regularities. It will use the theoretical lenses established in the literature review to explain how the observed routines and artefacts function as a rational response to the institutional frictions and value-realization challenges inherent in cross-border M&A.

Chapter 5: Discussion

5.0 Purpose and roadmap

This chapter interprets the empirical patterns from Chapter 4 through the theoretical lenses established in the literature: Transaction Cost Economics (TCE), the Resource-Based View (RBV) and Dynamic Capabilities, and Institutional theory, to address the research question: *How do transaction services (TS), via specific routines that generate contractual, structural, and regulatory artefacts, mitigate deal frictions and enable value capture in cross-border financial services M&A?*

We proceed cautiously: observed patterns are treated as process evidence of recurring mechanisms, not as causal estimates. Consistent with the methodology, this chapter does not quantify effects, it offers a reasoned interpretation that links routines to observable artefacts and proximate, descriptive outcomes.

The objective is to move from the descriptive "what/how" established in the Findings to the interpretive "so what", connecting empirical observations back to these theoretical frameworks.To build a complete and coherent answer, the discussion follows a deliberate argumentative path. We begin (§5.1) by presenting an integrative synthesis that connects deal frictions, TS routines, and outcomes across the deal lifecycle. From there, we place these findings in a dialogue with theory (§5.2) and derive a set of testable propositions for future research (§5.3). To ensure rigor, we then critically examine alternative explanations and boundary conditions (§5.4), before drawing out the practical implications for key stakeholders (§5.5). The chapter concludes by addressing the study's robustness (§5.6) and outlining its limitations and avenues for future work (§5.7).

The scope of interpretation remains within the study's boundaries: a buy-side perspective on cross-border acquisitions in the financial services sector, 2021–2024. The contribution sought is not a statistically generalizable law, but a well-grounded process account that illuminates how TS routines produce artefacts that plausibly mitigate frictions and support value capture in this high-stakes context.

5.1 An Integrative answer to the Research Question

Taken together, the case records and practitioner interviews indicate that the observable contribution of transaction services (TS) lies in the **production of specific artefacts**. These tangible outputs, such as contractual price mechanisms, regulatory undertakings, and integration dashboards, address deal frictions by making them **contractible**, **administrable**, and **executable**. In this sense, TS routines mitigate uncertainty and reallocate risk at the moments that matter: signing, approval, and the first 100 days post-close, thereby supporting value capture without implying causal effects. The contribution is not a single event but a sequenced process that converts abstract risks into tangible outputs.

This logic is summarized in Figure 5.1: TS routines act as mechanisms that convert deal-specific frictions into observable artefacts, which in turn are associated with plausible intermediate outcomes.

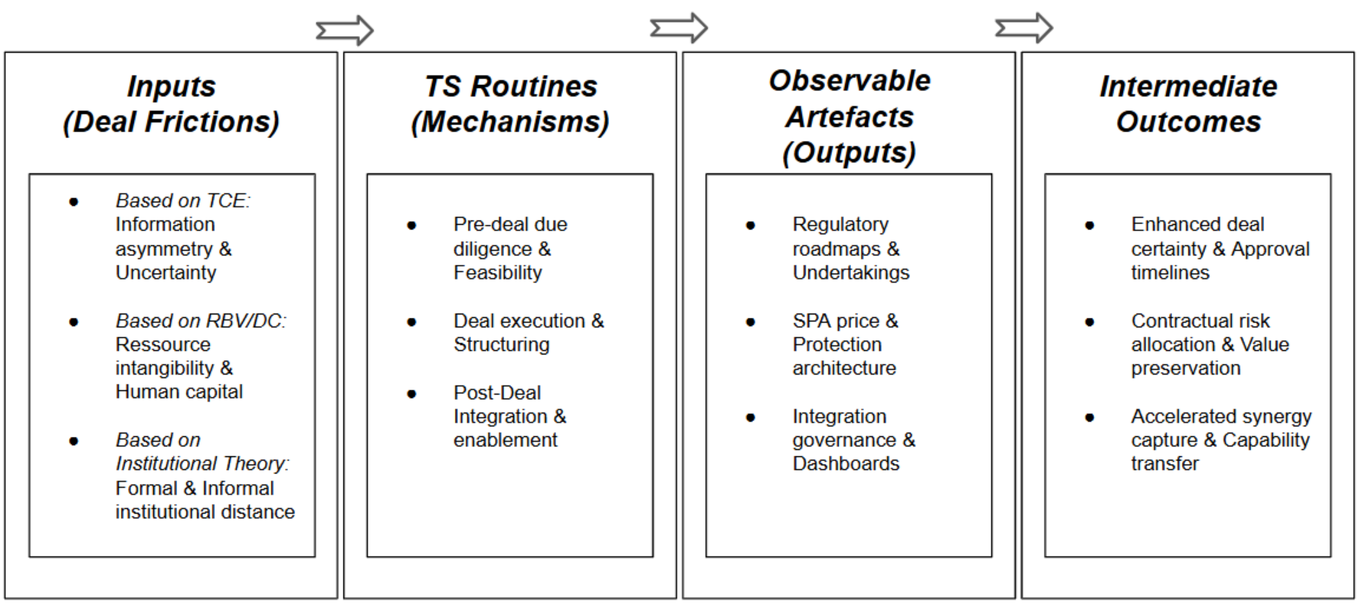

Figure 5.1. TS process model—frictions → routines → artefacts → intermediate outcomes
Note: Author-developed figure. Abbrev.: TS = Transaction Services; SPA = Sale and Purchase Agreement.

This model unfolds across the M&A lifecycle in three distinct but connected movements:

<u>From regulatory gating to deal certainty:</u>

In highly regulated, cross-border financial deals, institutional distance frequently emerges as the primary hurdle. TS translate this friction into administrable artefacts, a path-to-approval with binding commitments and sequencing. In the RBC–HSBC Canada transaction, formal approval was granted alongside a package of legally enforceable commitments (jobs, branch retention, fee freezes, and a C$7 billion affordable-housing commitment), converting political/competition concerns into specific conditions and improving deal certainty.

As a second vignette, BMO & Bank of the West announced a US$40 billion five-year Community Benefits Plan during U.S. regulatory review, embedding supervisory expectations on community impact into the execution path, another example of a regulatory undertaking that supports deal certainty and supports value capture by clarifying approval conditions upfront.

<u>From diligence findings to contract economics and protections:</u>

Once feasibility is established, TS convert information into contractible economics and protections, like quality-of-earnings normalisations, working-capital definitions, debt-like item capture, mechanism choice (locked-box vs. completion), and calibrated R&W/indemnities and MAC/CPs, so identified risks are priced and protectable at signing and closing. This systematic DD→SPA translation is consistently described in the cross-case interview corpus and underpins the execution phase of the model.

<u>From integration planning to value realisation:</u>

Where the asset base is largely intangible (human capital, client relationships, brand), TS support executable artefacts that protect the franchise and enable early wins. In Deutsche Bank–Numis, immediate co-branding (“Deutsche Numis”) and retention of the co-CEOs anchored client-relationship continuity and leadership stability. This integration-governance choice aligned with the human-capital thesis that supports value capture in the near term.

Across cases, these three movements consistently culminate in a core set of artefacts: regulatory roadmaps (pre-deal), price/protection architecture (execution), and integration governance (post-close). While not guarantees of long-term performance, these artefacts represent the tangible outputs of TS routines. By reducing approval uncertainty, reallocating risk contractually, and shortening the path to value realisation, they provide a direct and logically bounded answer to this study's central research question: *how TS routines produce artefacts that plausibly mitigate frictions and support value capture in cross-border financial-services M&A*.

5.2 Dialogue with theoretical foundations

The process model in Figure 5.1 can be read coherently through three established lenses: Transaction Cost Economics (TCE), the Resource-Based View with Dynamic Capabilities (RBV/DC), and Institutional theory. In each case, the empirical patterns from Chapter 4 point to the same micro-logic: transaction-service routines produce observable artefacts that are associated with proximate, non-causal outcomes which, in turn, plausibly support value capture.

5.2.1 Transaction Cost Economics: making uncertainty contractible

In TCE terms, the primary hazards are uncertainty and information asymmetry. The routines observed in this study move beyond statutory verification to interrogate the sustainability of earnings, the behaviour of working capital, the presence of debt-like and contingent items, and the robustness of reporting. Information is not merely collected, it is priced and governed. This translation occurs when diligence outputs are embedded into the Sale and Purchase Agreement (SPA) through concrete price mechanics, such as explicit definitions and targets for working capital, the capture of debt-like items, and the choice between completion accounts and locked-box structures, together with calibrated protections, including the scope of representations and warranties, specific indemnities, and material-adverse-change (MAC) and condition-precedent (CPs) clauses.

The immediate effect of this architecture is a tangible reallocation of risk at signing and closing: exposures identified in analysis become monetised and contractible, thereby reducing the likelihood of overpayment, narrowing the scope for post-signing disputes, and stabilising closing adjustments. While this thesis does not estimate causal effects, the observed alignment between targeted routines, the resulting contractual artefacts, and reduced execution frictions constitutes process evidence that plausibly supports value capture. In essence, abstract analytical findings are transformed into concrete economic consequences, which is the central purpose of governance in TCE.

5.2.2 RBV and Dynamic Capabilities: protecting and mobilising intangibles

From an RBV/DC perspective, much of the value at stake in financial-services combinations is embedded in VRIN assets: brand, client relationships, leadership depth, and more recently increasingly data and in the acquirer’s capacity to sense, seize, and transform those assets during integration. The routines documented here adopt a capability-based assessment: they map people's criticality and replacement risk, test leadership cohesion and governance fit, gauge franchise stickiness with clients, and check whether systems and processes can sustain the intended operating model.

The artefacts that follow are governance choices designed to preserve and activate these intangibles: targeted retention for pivotal leaders, role charters that keep decision rights where the franchise resides, brand anchors or co-branding to reassure clients, and Day-1 to Day-100 plans with transparent KPIs and an Integration Management Office (IMO) to carry knowledge from diligence into execution. Proximately, these artefacts stabilise staff and clients, protect through the transition, and create conditions for early realisation of synergy. Again, the claim is deliberately bounded: these routines do not prove performance causality in this design, but they credibly support value capture by keeping the assets actually purchased from dissipating.

5.2.3 Institutional theory: rendering regulatory distance administrable

Cross-border financial deals confront formal distance: prudential, conduct, competition and foreign-investment regimes (FDI) and informal distance in supervisory stance and negotiation norms. The observed routines make this tractable by engineering a path-to-approval from the outset: multi-agency mapping, jurisdictional sequencing, early engagement where appropriate, and ex-ante design of commitments aligned to supervisory concerns.

The resulting artefacts are formal and time-bound: undertakings on employment, branches, service levels or pricing, community-benefit packages where relevant, reasoned legal opinions on approvability, and an calendar with explicit gating points for boards. By converting institutional risk into enforceable components and milestones, these artefacts increase deal administrability, compress approval-time variance, and raise closing certainty. Within the scope of this thesis, such effects are proximate and descriptive; they nonetheless support value capture by keeping execution on a credible and legible path.

5.2.4 Failure modes and the importance of “Fit”:

A robust model must not only explain success but also anticipate failure. The same theoretical lenses that illuminate how TS routines support value capture also clarify their boundary conditions, the specific circumstances where well-intended artefacts can misfire. Understanding these failure modes, which often stem from a misalignment or poor 'fit' between the artefact and the context, is crucial for delimiting the model and generating nuanced propositions.

On the TCE side, mechanism choice that is misaligned with reporting quality: for example, adopting a locked-box structure where leakage risk is high, can shift risk back onto the buyer and re-open negotiations at closing. Over-narrow definitions in price mechanics may leave uncaptured exposures that resurface as indemnity disputes, eroding the very certainty the clauses were meant to provide. In the RBV/DC domain, retention packages without genuine role authority or coherent operating-model design can be read as cosmetic, failing to anchor key people or clients.

Similarly, postponing systems or control convergence creates “integration debt” that undermines the capabilities the acquirer sought to mobilise. On the institutional dimension. Undertakings crafted without careful alignment to supervisory priorities or without credible delivery capacity can invite additional scrutiny rather than reduce it, while political salience can shift mid-process and render earlier assumptions fragile. These boundary conditions do not negate the process model, they delimit it. They also motivate the mid-range propositions in the next section (5.3), which articulate testable associations between the fit of routines and artefacts and the proximate outcomes they are intended to produce.

5.3 Mid-Range, testable propositions

The propositions below are framed as associations appropriate for future testing. They reflect where patterns cluster in the qualitative evidence, not causal estimates of TS effects. The purpose of this section is to translate the interpretive analysis into a formal research agenda, proposing specific, mid-range propositions that can be operationalized and tested in future quantitative studies. Each proposition links a specific TS-driven routine and its resulting artefact to a plausible, measurable intermediate outcome.

Proposition 1: Deals that include explicit path-to-approval artefacts at signing (e.g., conditional undertakings and regulator sequencing) are associated with a higher probability of closing and lower variance in approval timelines.

Engineering feasibility early diffuses institutional risk into enforceable commitments and a dated calendar, which narrows discretion and reduces late-stage scope creep. A straightforward test codes the presence, timing, and specificity of undertakings/roadmaps from public announcements and supervisory decisions, then relates them to completion outcomes: (a) completion vs. withdrawal rates and (b) days from announcement to close (and its dispersion). Effects should be moderated by political salience, deal size, and the number of agencies involved, observing weak or null relationships in low-salience, single-agency contexts would be a legitimate falsification.

Proposition 2: A stronger and more direct traceability from due-diligence findings to the price and protection architecture in the SPA is associated with lower downside variance in post-closing financial adjustments.

Diligence only contributes economically when its signals are embedded into explicit definitions, targets, and indemnities, this prices known hazards ex ante and constrains later disputes. Operationalisation can use two observable outcomes: the frequency and value of purchase-price adjustments and the incidence of R&W-related litigation/claims. “Traceability” can be proxied by explicit references to DD schedules/findings in SPA summaries or deal filings where available. Seller bargaining power, carve-out complexity, and W&I insurance availability are credible moderators. High seller power or complex carve-outs should weaken the association and thus offer a falsification setting.

Proposition 3: The choice of transaction price mechanism (e.g. locked-box vs. completion accounts) that aligns with the assessed quality and stability of the target’s reporting is associated with fewer post-closing disputes and frictions.

Mechanism choice is a governance response to information risk, misfit predictably invites dispute at completion finalisation. Testing entails coding the mechanism used and constructing a simple data-quality proxy from diligence artefacts (or public stand-ins such as audited carve-out statements vs. full-entity reporting), then relating “fit” to the number and value of disputed items during completion. Jurisdictional custom, earnings volatility, and the presence of W&I insurance are expected moderators. Finding no difference in low-volatility, high-quality reporting contexts would challenge the proposition.

Proposition 4: The early implementation of intangible-preservation artefacts (e.g., brand and leadership anchors, targeted retention plans) is associated with lower voluntary attrition of key personnel and clients in the initial 12–18 months post-close.

In people and relationship-centric M&A, credible signals of continuity (named leadership retention, role charters with real authority, co-branding) stabilise staff and reassure clients. Empirical tests can track voluntary attrition of named critical roles and churn among top accounts over 12–18 months, time-stamped against the announcement/implementation of these artefacts.

Remuneration constraints, cultural distance, and labour-law limits are plausible moderators. Null results where compensation levers are legally constrained would be informative falsifications.

Proposition 5: Higher continuity of personnel and knowledge from the due-diligence workstream into the Integration Management Office (IMO) is associated with faster and higher realisation of early-stage (first 12 months) synergies.

Continuity reduces knowledge loss and execution latency between signing and day-1 to day 100. A test links evidence of personnel overlap and a formal DD→IMO handover (e.g., risk/synergy register, dashboards) to the percentage of targeted 12-month synergies achieved and time-to-first cross-sell or cost-takeout. Integration scope, IT dependency, and concurrent regulatory conditions should moderate the effect. Complex, IT-heavy integrations offer tougher falsification grounds.

Proposition	***Key TS routine → Artefact***	***Observable indicators (for testing)***	***moderators (falsification)***
P1. Path-to-approval & closing certainty	Early regulatory feasibility engineered into a path-to-approval → Binding undertakings (jobs/branches/fees, community plans) + regulator sequencing + dated approval calendar	(a) Completion vs. withdrawal rate, (b) Announcement-to-close days and dispersion, (c) Count/timing of regulator RFIs vs. plan	Political salience, deal size, number of agencies. Null effects in low-salience, single-agency deals would challenge P1.
P2. DD→SPA translation & downside variance	Formal cross-walk of diligence outputs → SPA price mechanics (WC definitions/targets; debt-like capture) + protections (R&W scope; specific indemnities; MAC/CPs)	(a) Frequency/value of post-closing purchase-price adjustments, (b) Incidence of R&W disputes/litigation	Seller bargaining power, carve-out complexity, W&I insurance. Weak associations under high seller power or complex carve-outs would challenge P2.
P3. Mechanism choice fit & friction	Mechanism choice aligned to reporting risk → Locked-box when robust/low leakage; Completion accounts when volatile/incomplete	(a) Number/value of disputed items at completion, (b) Variance between signed and closed WC vs. target	Jurisdictional custom, earnings volatility, W&I insurance. No difference in low-volatility, high-quality contexts would challenge P3.

P4. Intangible-preservation & retention	Early brand/leadership anchors + targeted retention plans + role charters → visible continuity signals	(a) Voluntary attrition of named key personnel (12–18 months), (b) Churn/retention of top-tier clients	Remuneration constraints, cultural distance, credibility of new roles. Null effects where pay/roles are constrained would challenge P4.
P5. DD→IMO continuity & early realisation	Carry-over of personnel and an explicit DD→IMO handover (risk/synergy register, dashboards)	(a) % of targeted 12-month synergies achieved, (b) Time-to-first cross-sell/cost-takeout, (c) On-time delivery of Day-1/100 milestones	Integration scope/IT criticality; concurrent regulatory conditions. Weak effects in IT-heavy, high-scope integrations would challenge P5.

Table 5.1: Summary of Mid-Range Propositions

Note: Author-developed table. Abbrev.: TS = Transaction Services; SPA = Sale and Purchase Agreement; R&W = Representations & Warranties; MAC = Material Adverse Change; CPs = Conditions Precedent; WC = Working Capital; IMO = Integration Management Office.

The summary table above consolidates these propositions, linking the core TS artefact of each to a predicted outcome, measurable indicators, and key boundary conditions.

Together, these five propositions translate the descriptive process model from this study into a focused and testable research agenda. Each posits a clear association between a specific TS routine and a proximate outcome that supports value capture. By specifying operational indicators and falsification contexts, they are designed to enable and encourage future empirical work. They do not claim definitive causal effects, rather, they identify where empirical leverage is most likely to be found and how it might be measured across larger samples. In the next section, we consider alternative explanations that could confound or moderate these proposed associations.

5.4 Alternative explanations and boundary conditions

While the previous section articulated key associations, a rigorous scientific approach demands a critical examination of their boundary conditions and potential alternative explanations. To build a credible foundation for practical inference, this section proactively identifies and analyzes several cross-cutting forces that could independently generate or attenuate the observed patterns.

A first concern is endogeneity and selection. Acquirers with more experienced TS teams may both adopt “better” artefacts and select inherently easier deals (cleaner targets, friendlier regulators), producing favourable outcomes regardless of the routines themselves. Conversely, “hard” deals may attract stronger artefacts precisely because they are risky, making associations conservative or even masking benefits. Any quantitative test of the propositions should therefore control for selection into artefacts and, where possible, use research designs that address non-random assignment (e.g., instrumented variation, matched samples).

A second confounder is the macro-financial cycle and headline events. Rate regimes, liquidity conditions, and sector shocks can compress or elongate approval timelines, shift supervisor tolerance, and alter working-capital dynamics. Apparent improvements in closing probability or dispute rates may partly reflect benign macro conditions rather than the presence of specific artefacts. Time-fixed effects and cycle proxies are necessary to separate routine effects from macro drift.

Deal complexity and scale represent a third critical confounder. Larger, multi-jurisdiction transactions with features like carve-outs or legacy IT systems inherently carry higher baseline friction. Consequently, even a best-in-class routine may not reduce outcome variance as effectively as it would in a simpler deal. This does not mean the routine is ineffective, but that its impact is conditioned by the deal's intrinsic complexity. Therefore, any robust analysis must treat complexity measures (e.g., number of jurisdictions, carve-out status) as essential conditioning variables.

Differences in reporting maturity and data quality can mimic or overwhelm the effect of routines. Where target reporting is incomplete, locked-box structures and tight WC definitions may still leave material uncertainty; where reporting is robust, even a mediocre translation of diligence into the SPA can appear effective. Any test of mechanism “fit” must incorporate a defensible proxy for reporting quality.

Governance and bargaining context further shape outcomes. For example, robust board discipline, operationalized through clear ex-ante gating criteria, valuation guardrails, and defined 'no-go' triggers can be a decisive factor. Such governance structures legitimize early 'stop-loss' decisions when adverse information emerges, reducing the risk of commitment escalation and potentially leading to fewer late-stage deal withdrawals or cleaner perimeter redesigns. Similarly, high seller power in a competitive auction or the widespread availability of Warranty & Indemnity (W&I) insurance can significantly alter negotiation dynamics. In such settings, a weak or null association would be expected because the overarching governance or market structure, not the specific TS routine, dominates the negotiation frontier.

Finally, jurisdictional legal-institutional norms and political salience set outer limits. Supervisory stance, preferred remedies, and community expectations vary; artefacts effective in one regime may be neutral in another. Communication packages that de-risk approval in salient deals may be redundant in low-salience contexts.

Within these constraints, the study’s boundary conditions are explicit: cross-border financial-services acquisitions, buy-side perspective, 2021–2024 period, and reliance on public artefacts plus non-confidential practitioner testimony. These boundaries limit external validity but also clarify where the process model is meant to apply. By defining these constraints, this analysis does more than just limit the study's scope, it transforms the propositions from the previous section into a robust and testable map. Acknowledging these limitations is a core component of the scientific process, enabling a clear understanding of where associations are most plausibly found, what to measure, and what could legitimately falsify them. This critical perspective strengthens the final contribution, ensuring that the practical implications drawn in the next section are both realistic and defensible.

This framing justifies a cautious translation into practice. The next section draws implications for acquirers, boards, regulators, and TS leaders while keeping these alternative explanations and boundary conditions in view.

5.5 Practical implications

Read as a whole, the analysis suggests that transaction services (TS) create practical value when they are scoped, governed, and evaluated by the artefacts they deliver and the reliability of associated milestones, rather than by activity volume or headcount. The implications below are phrased as actionable guidance for the key actors, acquirers and deal leaders, TS providers, boards/investment committees, and regulators while keeping the non-causal stance of this study. The through-line is consistent with the findings: routines that produce fit-for-purpose artefacts at the right moment in the lifecycle support value capture by making frictions contractible, administrable, and executable.

For acquirers and deal leaders, mandate design benefits from moving early from "tasks" to deliverables with acceptance criteria. At the indication/letter of intent stage, require a path-to-approval package that names reviewing authorities, sequences filings, proposes undertakings where appropriate, and provides a dated approval calendar with contingencies, this anticipates supervisory concerns and prevents late-stage scope creep. As diligence matures, insist on a formal DD to SPA translation memo, a single source of truth that takes each material finding (quality of earnings, working-capital behaviour, debt-like and contingent items,..) and specifies the corresponding clause, definition, or protection in the Sale and Purchase Agreement. Mechanism choice (locked-box versus completion accounts) should be justified against a documented assessment of reporting quality and leakage risk. Where carve-out or data immaturity is present, completion accounts may be prudent despite higher effort. Finally, plan for DD to IMO continuity by carrying key individuals forward and converting the diligence risk/synergy register into day-1 till day-100 dashboards so momentum and tacit knowledge are not lost at close. These practices do not guarantee outcomes, they support value capture by aligning governance to the specific frictions evidenced in the deal (see Chapter 4).

For Transaction Services providers, the implication is to make the translation function explicit and auditable. Financial, tax, and IT diligence should culminate in artefacts that are legible to negotiators and counsel (definitions, schedules, thresholds), not merely in analytic commentary. Regulatory strategy should produce submission-ready materials and draft undertakings that reflect supervisory priorities rather than generic templates. Integration readiness should specify governance anchors (leadership retention, role charters, co-branding logic where relevant) and the minimum operational prerequisites for day-1 stability, tied to clear owners and timelines. Internally, TS teams should document the assumption trail and maintain a short post-mortem after close to capture what translated cleanly into terms and what did not, this institutionalises learning without over-claiming on performance.

Boards and investment committees can raise deal quality by formalising gating criteria ex ante and judging TS effectiveness by artefacts delivered rather than effort expended. Before permitting a binding bid, require a reasoned opinion on approvability, a quantified view of remedy costs versus delay risk, and explicit no-go triggers (e.g., unacceptable perimeter changes, unmitigable regulatory constraints). During execution, ask for the DD to SPA cross-walk and a rationale for mechanism choice that references reporting robustness. After signing, require evidence of continuity into the Integration Management Office and a small set of leading indicators that proxy early traction (e.g., variance of working-capital at close relative to the target definition, retention of named key personnel, adherence to approval calendars). This reframes the board's oversight from generic comfort to artefact-centred accountability that is consistent with the process view taken here.

For regulators and public stakeholders, the findings imply that clarity and timing matter. Early acknowledgement of the principal public-interest concerns: competition, consumer protection, community impact, and the submission of credible, monitorable undertakings can reduce ambiguity and compress approval-time variance. Where political salience is high, transparent communication of consumer safeguards and integration readiness can improve the signal-to-noise ratio of the file. These steps are administrative rather than financial, yet they support value capture by preserving timeline reliability and reducing later re-work.

A final implication concerns **how the contribution of TS is measured**. This thesis challenges the pursuit of a single, causal ROI for TS work. Instead, it suggests organisations should evidence TS contribution by tracking a portfolio of intermediate, observable indicators that are consistent with the artefact-driven process described above. Examples include adherence to the approval calendar, the dispersion of announcement-to-close durations relative to peers, the frequency and value of post-closing adjustments and disputes, the retention of named critical staff and top-tier clients over 12–18 months, and the delivery of day-1 to day-100 milestones. Tracked systematically, such indicators create an "evidence pack" that is compatible with the propositions in §5.3 and usable for future quantitative testing.

These implications are bound by the study's scope, cross-border financial-services acquisitions, buy-side perspective, 2021–2024 and should be read alongside the alternative explanations and boundary conditions set out in the previous section. Within those limits, orienting mandates, governance, and oversight around routines that reliably produce the right artefacts at the right time offers a pragmatic way to support value capture while keeping claims commensurate with the evidence.

5.6 Robustness and trustworthiness

This discussion rests on a qualitative design whose credibility depends on design coherence, transparent evidence handling, and disciplined inference. The study maintains design coherence by aligning the question ("how" TS routines produce artefacts that support value capture) with a multiple-case strategy, an abductive thematic analysis, and a unit of analysis defined as routines and their artefacts rather than firms. The interpretation here therefore remains deliberately process-focused and non-causal, consistent with the methodological stance set out in Chapter 3 and the descriptive presentation of Chapter 4.

Triangulation and chain of evidence were used to strengthen plausibility. Each within-case narrative is anchored in public artefacts (announcements, supervisory materials, investor documents) and then read alongside practitioner accounts. Interview testimony is treated as situated expertise rather than privileged truth; where specific claims touch facts (timelines, undertakings, perimeter), they are cross-checked against the public record. A documented chain of evidence—interview guides, dated codebooks, coding logs, and case files—enables auditors to see how raw material was transformed into themes and then into propositions.

Coding reliability was addressed through an a priori codebook tied to the literature (frictions → interventions/routines → outcomes) with Level-1 and Level-2 categories, iteratively refined as abductive insights emerged. To test the stability of patterns, a second pass revisited early transcripts using the final codebook, to ensure any divergences were spotted and resolved. Sensitivity checks included re-aggregating counts at Level-1 (A/B/C) versus Level-2 (A1–C3), removing single-mention codes, and re-reading a sample blind to earlier tags. Frequency tables are presented as descriptive navigation aids only; they are not used to infer importance.

Reflexivity and bias mitigation were integral to analysis. The researcher maintained a reflexive log to separate description from inference, to surface personal prior assumptions, and to record decision points (e.g., when to merge or split codes, how to title themes, feedback of interviews). Quotations were preserved in context, participants could decline any question, and anonymisation was applied. Because access to confidential artefacts is limited in this sector, the study privileges what is publicly auditable and explicitly refrains from quantifying effects.

Transferability is supported by a thick description of boundary conditions: cross-border financial-services acquisitions, buy-side perspective, and the 2021–2024 window. These boundaries limit external validity but also clarify the context in which the propositions and practical implications are intended to operate. Readers seeking to apply the process model beyond this context should consider regime-specific institutional features, reporting maturity, and governance norms before expecting similar associations.

In sum, robustness here means disciplined alignment between question, method and claim, documented handling of evidence and careful bounding of what the material can support. With that foundation, §5.7 turns to remaining limitations and a forward research agenda that can test, refine, or falsify the associations proposed in this research.

5.7 Limitations and avenues for future research

This study is deliberately process-oriented and non-metric. Its contribution is a qualitative account of how transaction-service (TS) routines produce observable artefacts that support value capture, it does not quantify effects or establish causality. As such, the findings aim at analytical generalisation, not statistical generalisation. This design–claim alignment is intentional, but it places clear bounds on inference.

Limitations of the study:

A first limitation concerns visibility and access. Evidence rests on public case artefacts (announcements, supervisory materials, investor documents) read alongside non-confidential practitioner testimony. Confidential contracts, regulatory correspondence, and detailed integration playbooks were obviously not available. This inevitably restricts granularity on how specific clauses were negotiated, the precise content of undertakings, or the internal cadence of integration governance. This approach ensures analytical discipline: where interview claims touched on verifiable facts, they were cross-checked against the public record. Beyond that, practitioner testimony was treated as situated expert perspective, ensuring the analysis remains grounded in the qualitative nature of the data.

Second, the lens is buy-side only and confined to cross-border financial-services acquisitions in 2021–2024. Results should not be extrapolated to sell-side practices, domestic transactions, or non-regulated sectors without caution. The period also coincides with an unusual macro-financial backdrop (rapid rate tightening and regulatory salience), which may shape approval dynamics, reporting volatility, and board risk tolerance. These contextual features are part of the boundary conditions rather than noise to be averaged out.

Third, there is unavoidable selection and attribution risk. Organisations that field strong TS teams may both adopt “better” artefacts and choose inherently more tractable deals, while the hardest files attract stronger artefacts precisely because they are hard. In a qualitative design, such endogeneity is acknowledged rather than resolved, it is one reason the study frames propositions as associations and not effects.

Fourth, the measurement bridge from routines/artefacts to outcomes relies on proximate indicators. These are informative but partial, they do not substitute for long-horizon performance lenses (ROIC, abnormal returns) and, crucially, cannot in this design, isolate a TS contribution from broader deal or market forces.

Finally, the study did not run a structured negative-case protocol. Counter-examples, instances where artefacts were present yet frictions persisted or were not systematically sought. This is a deliberate scoping choice to keep the project tractable, it suggests a natural next step.

Avenues for future research:

These limitations motivate a forward research agenda. First, the propositions in §5.3 lend themselves to large-sample association tests that operationalise key elements from public materials: the presence and timing of undertakings and approval roadmaps, mechanism choice (locked-box vs. completion accounts) and its fit with reporting quality, explicit DD-to-SPA traceability, early governance anchors (leadership retention, co-branding) and subsequent staff/client retention, continuity from diligence into the Integration Management Office and 12-month milestone delivery. Designs that address selection, matched samples, difference-in-differences where suitable policy shifts exist, or instrumental proxies for exogenous regulatory load—would sharpen inference without claiming causal certainty.

Second, deep process studies with controlled access to confidential artefacts (under appropriate ethical and legal protocols) could map the DD→SPA and DD→IMO translations at clause and decision-level. Purposeful sampling of negative cases, deals where artefacts existed but frictions persisted would help falsify or refine the process model and delineate its boundary conditions more sharply.

Third, scope extensions should test portability: sell-side perspectives, domestic financial-services deals, adjacent regulated sectors (e.g., utilities, telecoms) and different macro regimes. A longitudinal strand could follow the arc from proximate outcomes to later performance, building a cautious bridge to value realisation while continuing to handle attribution explicitly.

<u>Conclusion:</u>

Within these bounds, the present thesis offers a disciplined, evidence-based map from routines → artefacts → proximate outcomes in cross-border financial-services M&A. It is best read not as a final endpoint, but as a robust platform for future inquiry. Indeed, the research agenda outlined above presents several avenues, each substantial enough to form the basis of a rigorous PhD dissertation. This frames the study as a foundational step toward a deeper, more causal understanding of value creation in M&A

5.8 Closing paragraph

This chapter has offered a cautious answer to the research question: transaction services (TS) contribute indirectly but observably when their routines generate artefacts that make frictions contractible (price/protection architecture), administrable (regulatory undertakings and sequencing), and executable (integration governance and IMO toolkits), thereby supporting value capture at signing, approval, and in the first months post-close. Re-reading the Findings through established lenses (TCE, RBV/DC, Institutional) yielded a coherent process view and a set of mid-range propositions framed as associations, not effects.

We also set out cross-cutting alternative explanations and boundary conditions, and translated the analysis into practical implications for acquirers, TS providers, boards, and regulators. Within the study's scope (buy-side, cross-border financial services, 2021–2024), the contribution is a disciplined "**routines → artefacts → outcomes",** rather than a claim of quantified impact. The agenda now is empirical: test these associations at scale and deepen process tracing, especially around counter-patterns and negative cases, while keeping attribution explicit. The concluding chapter synthesises the thesis's contributions, reflects on its limits, and outlines next steps for research and practice.

6. Conclusions

6.1 Summary of the research and key findings

This thesis examined how specialized Transaction Services (TS) contribute to value capture in cross-border financial-services M&A. The guiding research question was: *How do TS, via specific routines that generate contractual, structural, and regulatory artefacts, mitigate deal frictions and enable value capture?* The study framed frictions through TCE/RBV/Dynamic Capabilities and Institutional lenses and kept the TS routine + artefact as the unit of analysis across the deal lifecycle.

An applied, multiple-case qualitative design combined four recent cross-border deals (2021–2024) with semi-structured interviews with a diverse profile of practitioners. The analysis used an a priori, literature-linked codebook (Challenges/Frictions → Routines/Artefacts → Proximate outcomes) and abductive iteration, with triangulation against public artefacts to bound recall and establish a transparent chain of evidence. The goal was analytical generalization, frequency tables remained descriptive aids, not causal metrics.

Cross-case and interview material converged on a staged pattern of TS contribution:

- **Pre-deal:** regulatory path-to-approval is engineered early, turning approval risk into modeled constraints and go/no-go logic,

- **Execution:** diligence outputs translate into SPA economics and protections (QoE normalisations, working-capital definitions, debt-like capture, mechanism choice) and regulator-facing undertakings,

- **Post-close:** continuity from diligence into integration governance, stabilization of critical human capital, and compression of systems/control-environment risk so that synergy claims convert into measured outcomes. These patterns are evidenced in the public record for RBC & HSBC Canada, BMO & Bank of the West, Indosuez & Degroof Petercam and Deutsche & Numis.

The coding audit trail documents where testimony clusters: Level-1 segments, TS Routine & Artefacts (36.96%), Value-creation outcomes (32.61%), and Challenges & Frictions (30.43%) Level-2 emphasis on Pre-deal & DD (17.39%), Risk reduction & value preservation (14.67%), and Post-deal & integration (12.50%). These are not importance weights, only navigation aids.

This being noted, the findings show that TS contribute indirectly yet observably by producing artefacts that make frictions **contractible** (price/protection architecture), **administrable** (binding undertakings, approval sequencing), and **executable** (integration dashboards and governance). Read through TCE/RBV/Institutional lenses, the contribution is a sequenced process that supports deal certainty, risk reallocation, and early realization, without claiming causal effects.

6.2 Limitations of the research

Design & scope: The study is qualitative, non-metric, and pursues analytical (not statistical) generalization. It focuses on buy-side perspectives in cross-border financial-services acquisitions during 2021–2024. Findings should not be extrapolated to sell-side processes, domestic deals, or non-regulated sectors without caution.

Access & visibility: Evidence relies on public artefacts and non-confidential practitioner testimony; confidential contracts, detailed regulator correspondence, and full integration playbooks were out of scope. This limits granularity on clause-level negotiation and internal cadence but maintains an auditable chain of evidence.

Attribution & selection: Endogeneity risks persist: stronger TS teams may both choose more tractable deals and deploy "better" artefacts, conversely, hard files attract stronger artefacts. The study therefore frames associations, not effects.

Measurement bridge: Outcomes are proximate indicators (approval calendars, dispute/adjustment profiles, early retention) rather than long-horizon performance (ROIC, abnormal returns). The design cannot isolate a TS-specific causal contribution from broader deal and market forces.

Negative cases: No structured "negative-case" protocol was run (instances where artefacts existed yet frictions persisted). This was a deliberate tractability choice and defines a clear next step.

These limits are consistent with ICHEC's requirement to state boundaries, discuss their impact, and open research opportunities.

6.3 Implications and avenues for future research

Managerial implications: Recast TS as a strategic governance function rather than a purely "verification" service. Concretely, this means designing the approval path as a gated workstream during screening, wiring diligence findings directly to the SPA so risks are priced and protectable, carrying diligence knowledge into the IMO to own the risk register and Day-1/100 plans and treating culture as organizational capital that requires early diagnostics and explicit leadership anchors.

Evidencing contribution: Replace the search for a single ROIC with a portfolio of observable indicators that align to the artefact-driven process: adherence to approval calendars, announcement-to-close dispersion, dispute/adjustment incidence, retention of named critical staff/clients over 12–18 months, and delivery of Day-1/Day-100 milestones. This "evidence pack" can satisfy boards now and seed future empirical testing.

Research agenda:

1. Large-sample association tests of the §5.3 propositions using public signals (undertaking presence/timing, mechanism choice vs. reporting quality, DD→SPA traceability, early governance anchors, diligence-to-IMO continuity). Designs with matching and quasi-experimental tactics can tighten inference without over-claiming causality.

2. Deep process studies with controlled access to confidential artefacts to map DD→SPA and DD→IMO translations at clause and decision level, including purposeful negative cases to sharpen boundary conditions.

3. Portability tests: sell-side views, domestic finance, adjacent regulated sectors (e.g., utilities, telecoms), and longitudinal arcs that join proximate outcomes to later performance.

Ultimately, this thesis has sought to illuminate the often-unseen work that transforms the strategic ambition of an M&A deal into a governable reality. By moving beyond broad statistical trends and focusing on the granular process of how transaction services create tangible artefacts, the study provides a new vocabulary for understanding value creation. In a world of increasing cross-border complexity, the ability to translate risk into well-structured contracts, regulatory strategies, and integration plans is not merely a technical task, it is a core strategic capability. This research provides a map for practitioners seeking to build that capability and for academics seeking to measure its impact.

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Glossary/Abbreviations

- **AI**: Artificial Intelligence
- **AUM**: Assets Under Management
- **BHAR**: Buy-and-Hold Abnormal Return
- **BMO**: Bank of Montreal
- **BOTW**: Bank of the West
- **CAR**: Cumulative Abnormal Return
- **CET1**: Common Equity Tier 1
- **CFIUS**: Committee on Foreign Investment in the United States
- **CPs**: Conditions Precedent
- **CRD6**: Capital Requirements Directive 6
- **CSRD**: Corporate Sustainability Reporting Directive
- **DC**: Dynamic Capabilities
- **DD**: Due Diligence
- **DSB**: Domestic Stability Buffer
- **D-SIBs**: Domestic Systemically Important Banks

- **EBA**: European Banking Authority
- **ECB**: European Central Bank
- **ESG**: Environmental, Social, and Governance
- **FDD**: Financial Due Diligence
- **FDI**: Foreign Direct Investment
- **FIRRMA**: Foreign Investment Risk Review Modernization Act
- **FSMA**: Financial Services and Markets Authority (Belgium)
- **GAAP**: Generally Accepted Accounting Principles
- **ICFR**: Internal Control over Financial Reporting
- **IFRS**: International Financial Reporting Standards
- **IMO**: Integration Management Office
- **IPO**: Initial Public Offering
- **KPIs**: Key Performance Indicators
- **M&A**: Mergers and Acquisitions
- **MAC**: Material Adverse Change
- **MBB**: McKinsey & Company, Bain & Company, Boston Consulting Group
- **NOLs**: Net Operating Losses
- **NLP**: Natural Language Processing
- **NPS**: Net Promoter Score
- **NPV**: Net Present Value
- **OCC**: Office of the Comptroller of the Currency
- **OCR**: Optical Character Recognition
- **OECD**: Organization for Economic Co-operation and Development
- **OSFI**: Office of the Superintendent of Financial Institutions (Canada)
- **PMI**: Post-Merger Integration
- **PPA**: Purchase Price Adjustment
- **QoE**: Quality of Earnings
- **R&W**: Representations and Warranties
- **RBV**: Resource-Based View
- **RBC**: Royal Bank of Canada
- **ROIC**: Return on Invested Capital
- **ROE**: Return on Equity
- **ROI**: Return on Investment
- **SFDR**: Sustainable Finance Disclosure Regulation
- **SPA**: Sale and Purchase Agreement
- **SSM**: Single Supervisory Mechanism
- **TCE**: Transaction Cost Economics
- **TDD**: Tax Due diligence
- **TS**: Transaction Services
- **USD**: United States Dollar
- **VRIN**: Valuable, Rare, Inimitable, Non-substitutable
- **W&I**: Warranty and Indemnity (Insurance)

- **WC**: Working Capital

Chat GPT prompt example

Here are most of the prompts I used for writing this thesis:

Grammar & spelling:

- "Can you please proofread this paragraph for any spelling or grammar mistakes?"
- "Please check the punctuation in the following section."
- "Is the grammar in this sentence correct?"

Rephrasing & clarity:

- "Can you suggest a more professional way to phrase this sentence?"
- "This paragraph feels a bit clunky. Can you help me rephrase it to flow better?"
- "Is this sentence too long? Can you help me break it down into shorter ones?"
- "Can you reformulate this sentence to sound more academic?"

Vocabulary:

- "What's another word for 'important' in an academic context?"
- "Can you give me a few synonyms for 'demonstrates'?"
- "Can you explain the term 'endogeneity' in simple terms?"

Formatting & structure:

- "How do I correctly format a citation for a journal article in APA style?"
- "Please check the formatting of the references in this list. Are they respecting APA 7 rules?"