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The Impact of Banking Mergers on Financial Stability Using the Z-Score Indicator: A Case Study of First Abu Dhabi Bank

Amina Atamnia	PhD.
	Badji Mokhtar University Annaba
	Algeria
	E-mail: atamnia.amina41@gmail.com
	ORCID ID:0009-0002-0873-3869
Fouad Atamnia	Phd.
	Echahid Cheikh Larbi Tebessi University Tebessa, Algeria
	E-mail: fouad.atamnia@univ-tebessa.dz
	ORCID ID:0009-0006-2288-6553

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Abstract

The aim of this research paper is to highlight the issue of banking mergers as evidence of globalization, in addition to having an accurate understanding of how bank merger activities affect banks' financial stability. In order to complete the analysis, the research adopts the case study approach using the descriptive and analytical methodology based on the analysis of financial data from the merging banks and examining the financial stability of these banks using the Z-score measure, based on data collected from 2014 to 2019, both before and after the merger. The researchers asserted that banking mergers are one of the trends in banks' operations from the perspective of financial reforms in the banking sector around the globe. The operations of bank mergers result in an increase in financial stability; this can be evidenced by the increase in the Z-score of financial stability at First Abu Dhabi Bank following the merger compared to the pre-merger period. Thus, the recommendation of the proposal is to embrace banking merger strategies in order to develop an appropriate framework of financial stability that can withstand future challenges.

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Introduction

Financial stability in banks constitutes one of the basic pillars of financial sectors that help in ensuring economic activities are not interrupted due to financial instability in banks that can lead to bank crises. However, based on economic changes and transformations in technology, banks face challenges in terms of financial stability. Thus, bank mergers stand out as significant mechanisms through which banks can alleviate financial instability.

However, it is uncertain how much this process contributes to the promotion of bank stability. Therefore, the challenge in the current research represents the issue concerning the extent to which bank merger operations contribute to banking stability and how such operations can be utilized to produce sustainable financial stability. In light of the above discussion, the main issue in the research can be posed as follows:

In what ways do the operations of banking mergers influence the financial stability of banks from the perspective of the Z-score measure, in the context of First Abu Dhabi Bank?

To tackle the above-stated problem, the following hypotheses have been developed:

1. There is a positive impact of banking mergers in terms of improving financial stability in the case of First Abu Dhabi Bank based on the Z-score index.

2. There are no positive impacts of banking mergers on the strengthening of financial stability of banks based on the Z-score measure in the case of First Abu Dhabi Bank.

The research aims at:
1. Exploring the connection between bank mergers and the financial stability of banks.
2. Evaluating the influence of merger operations on the Z-score indicator, which represents financial stability in banks.
3. Offering recommendations that can help banks and policy makers enhance financial stability by applying merger planning strategies.
4. Analyzing the differences in financial stability in the merged banks based on the Z-score measure in the pre- and post-merger period of three years.

Research Methodology

- **Research Method:**

Data was collected through the use of annual reports submitted by the merged banks. The methodology was both descriptive and analytical. The descriptive part was based on the theoretical framework that tackles banking mergers and financial stability, while the analytical part was based on the interpretation of the Z-score ratio indicator for the merged banks both before and after the merger, specifically in First Abu Dhabi Bank.

- **Research Sample**

The research embraces the banks that took part in the merger, namely First Gulf Bank and National Bank of Abu Dhabi, which merged to form First Abu Dhabi Bank from 2014 to 2019. The research covers three years preceding the merger (2014-2016) and three succeeding years (2017-2019) to assess the affect of the merger on the Z-score ratio which factors the financial stability of the bank.

These researchers relied on the following previous studies:

- A study titled: "Banking Mergers as a Modern Approach to Developing and Modernizing the Banking System."

This study seeks to portray how the proposed merger will improve the performance of the banking system. Additionally, this paper also aims at establishing whether mergers between banks are efficient in enhancing the capabilities of banks for further competition. The results from this study indicated that mergers are associated with lower costs and economies of scale. Furthermore, mergers safeguard banks against bankruptcy, which diminishes banking crises and ensures stability not only in the banking sector but also in the economy of a country in general.

- A research entitled: "Measuring Liquidity Risk in Islamic Banks Using the Z-Score Indicator."

The aim of this research paper is to find out whether stability indicators reflect the liquidity position of Islamic banks. It assesses the significant relationship between liquidity, represented by a cash balance ratio, and a financial stability indicator that is usually referred to as the Z-score. The study concluded that there was a significant relationship between liquidity and financial stability.

- The title of a research study: "Measuring the Financial Stability of Algerian Banks Using the Z-Score Model."

This study aims to measure the degree of financial stability of both public and private banks and, in general, the Algerian banking sector. The results indicate that Algerian banks have a relatively stable financial position and are not insolvent, as well as that there is no major difference between public and private banks in terms of stability levels.

The research consists of the following main sections:

- Theoretical aspects of banking mergers
- Theoretical issues related to financial stability
- The connection between banking mergers and the financial stability of First Abu Dhabi Bank, using the Z-score measure

First: Theoretical Framework of Banking Mergers

1. Definition of Banking Merger

In linguistics, "merger" refers to the process of merging or integrating something into another until both are combined or merged (unified) (Al-Jawhari, , 2009, p. 384).

In legal terms, banking merger refers to any legal process or agreement whereby two or more banks merge, whether it is an acquisition where one bank swallows another or both banks are merged into a new bank that replaces the two banks. The result of merging banks is the dissolution of the banks that have merged without going through liquidation, with the transfer of all the liabilities and assets to the bank or the new bank. All partners of the bank that has dissolved get to be partners of the new bank, which assumes all the liabilities (Shahin, 2016, p. 35).

In terms of economics, banking merger refers to the creation of a new bank based on the resources and capabilities of the banks. It aims to ensure that the resources are maximized in order to enable the bank to easily face changes in the market (Ghalem, 2014, p. 255).

It can also be referred to as the merging of two or more banking institutions under the management of one individual or organization. It can result in the loss of existence of the banks that merged, coupled with the emergence of an independent bank (Tayel, 2009), or the acquisition of all the rights and responsibilities of the bank by another bank without losing its identity through merger.

Consequently, based on the above definition, banking merger can also be said to be the merging of two or more banks to create a new bank after the loss of legal identity of the banks to merge in order to meet certain goals and from one competitive state to another.

2. Objectives of Banking Mergers

Banks turn to bank mergers as an approach in order to fulfill several tasks, usually identified through three categories (Houhou, 2012, p. 35):

2.1 Long-term strategic objectives:

These include market dominance and global competitiveness. The merging bank would like to lead in the market, grow in size and capability, and boost efficiency, as well as acquire or absorb other banks.

2.2 Medium-term administrative and structural goals:

These include working towards the development of the administrative and structural framework of the new bank, service production and financing, and human capital development through training.

2.3 Tactical goals in the Short-term:

These relate to the operational aspects of the merging process, market considerations, and any new developments in the banking sector.

Therefore, the tactical or medium-term goals form the base that makes it feasible for the combined banks to attain success in becoming a strong competitor with increased market share through the services of merger operations.

3. Types of Banking Mergers

There are different types of banking mergers based on the nature of the banks being merged, the nature of the parties to the merger, as well as the legal identity of the banks.

3.1 banking mergers based on the nature of the banks being merged: It can thus be said that there are three categories of activity related to:

3.1.1 Horizontal Merger:

It takes place between banks dealing with the same kind of business, such as commercial banks or investment banks (Abdel-Hamid A. A.-m., 2005, p. 162).

3.1.2 Vertical mergers:

It was implemented between small banks in the region and the large central bank, where the small banks are considered extensions of the large bank. (Mutai, 2010, p. 112).

3.1.3 Conglomerate (Diversified) Merger:

Between banks conducting other operations that are not related, to ensure integration and increase the service base, leading to increased competitiveness (Abdel-Hamid, Bank mergers and bank privatization: A comparative analysis, 2015, p. 22).

3.2 Based on the relationship between the merging parties:

3.2.1 Voluntary Merger:

It happens through mutual agreement between the merging banks, with the approval of both boards, shareholders, and general assemblies (Al-Jarm, 2013, p. 31).

3.2.2 Forced merger:

It was imposed by financial authorities, especially in times of crises or underperforming banks, that weaker banks have to merge with healthy banks (Ben Maatoug, 2019, p. 35).

3.2.3 Hostile merger:

Happens when one bank takes over another without the target bank's consent, most likely due to enticing prices being offered or through the direct purchase of stocks in the stock market (Atamnia, 2021, p. 167).

3.3 based on legal personality

3.3.1 Merger by Absorption:

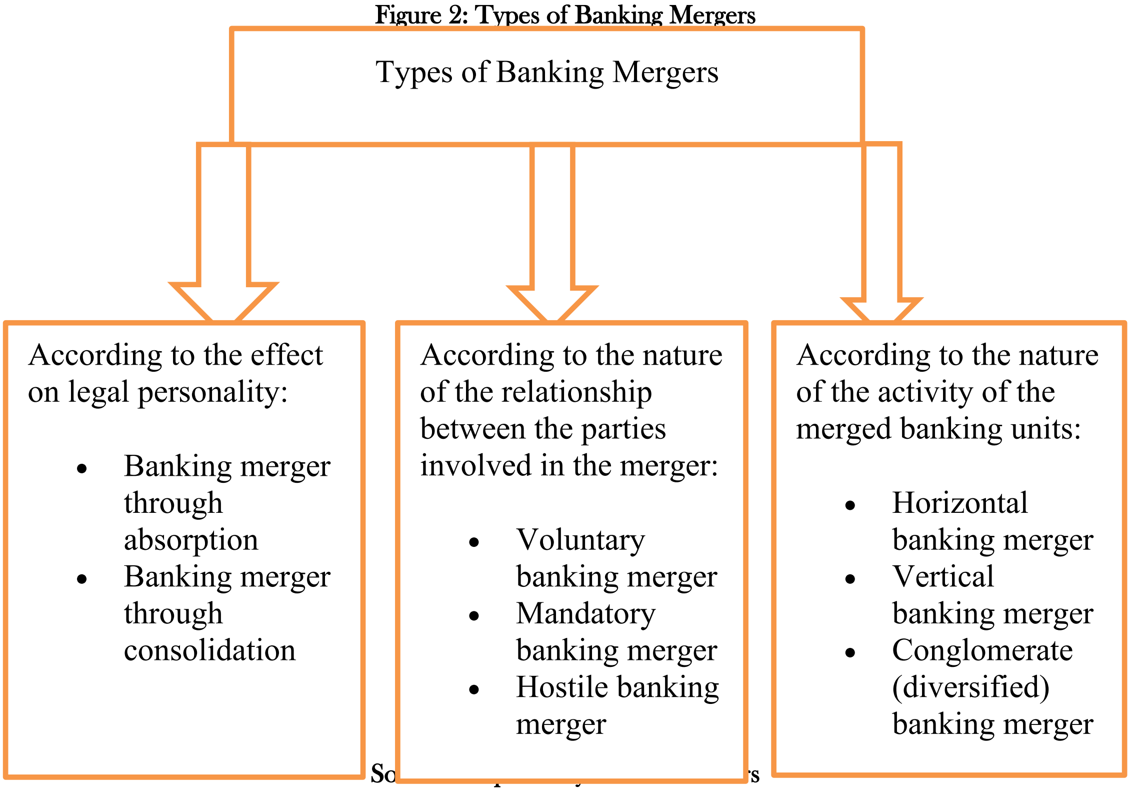
One or more banks are absorbed into a single surviving bank; thereby, all the assets and liabilities are acquired by the resulting bank. The banks that get absorbed lose their identity (Shahin, 2016, p. 47).

3.3.2 Merger by Consolidation:

In such cases, two or more banks are dissolved to give rise to a new bank that takes all the liabilities and assets of the dissolved banks (Shaabania, 2016, p. 124)

The above can be summarized in the following table.

Figure 2: Types of Banking Mergers



4. Conditions for Banking Mergers

There are many requirements essential to the success of banking mergers. The most important of these are the following (Abdel-Hamid, Globalization and bank economics, 2005):

• The existence of a real and honest intention in those who are tasked with the execution of the merger.
• The choice of the name of the new banking organization, the directors, and the banking services to be delivered.
• The creation of an efficient internal communication framework in addition to achieving efficient coordination of the units of the merging banks, and the rules, laws, and decisions related to them.
• Providing financial and human resources needed in the process of merging.

In conclusion, it can thus be deduced that there are several important precedents that need to be present in the case of a banking merger in order to ensure the success of the same.

5. Positive Effects of Banking Mergers

The creation of banks through mergers gives several positive impacts to the banks merging, including the following (Al-Khudairi, 2007, pp. 77-79):

• Improves the capability to generate both visible and invisible reserves, which helps to enhance the financial situation and banks' solvency in addition to boosting capital adequacy ratios.
• Enhanced capability to grow and enlarge, including the opening of domestic and foreign branches, which helps to increase the bank's capability to deliver exports of banking services abroad.
• Enhanced competitive strength in both the domestic and international banking sectors.
• Enhanced profitability and value of the newly formed banking company, due to increased net profits, and at the same time increased value of the new company's stocks in the stock market.
• More stability and diversity in sources of deposits, thereby creating greater chances of offering credit facilities to clients.

• Improvement in the regulatory framework and development of administrative mechanisms, the working environment, as well as the distribution of human resources in line with economic factors, which help in achieving profits and thus the shift to universal banking.
• Establishing economies of scale, particularly in terms of research and development, as well as the globalization of banking markets.

Second: Theoretical Framework of Financial Stability in Banks

1. Definition of Financial Stability

"Financial stability refers to a condition in which the financial system—including institutions, markets, and infrastructure—operates efficiently, facilitates economic processes, and is resilient to shocks, thereby minimizing the likelihood of crises" (Alkatheeri, Mertzanis, & Ilias, p. 3).

Corporate financial stability has been a key research point for various scholars, all of whom have largely focused their work on the ability of a firm to handle systemic and idiosyncratic financial risks. Theoretically, financial stability incorporates measures such as debt-servicing capacity, stability in the financial structure of a firm, and resistance to external financial shocks (Dongfang, 2025, p. 2).

2. Concept of Bank Stability

Many researchers describe bank stability as the absence of banking crises. Bank stability depends upon the stability of all banks that come under the financial system. Stability can be understood in two ways:
1. Directly, via interbank markets as well as syndicated loans.
2. Indirectly, through lending to various sectors and proprietary investments.
While in developed countries, capital adequacy is usually the main basis for bank stability, in developing countries, the structural weaknesses of banks are seen as the main determinant of stability (Thanh & Trung, 2023, p. 4).
According to the portfolio regulation theory, banking stability focuses on the ability of the bank to resist internal and external shocks. In line with this, regulators will ensure stability by safeguarding safety and soundness so that "banks can carry out their obligations in an effective manner" (Muhammad, 2023).
Bank stability can also be defined by the ability of financial institutions to absorb unfavorable events such as crises, policy changes, financial deregulation, and natural calamities. The most applied tool in measuring the stability of banks or financial institutions is the Z-score. It is inversely related to the probability of bank failure (Mohammed, 2025, p. 4)
Accordingly, the Z-score can be explained as an indicator showing the bank's financial stability and its ability to withstand risks and resist insolvency. The greater the Z-score, the more stable the bank is and the farther it is from financial distress.

3. Importance of Financial Stability

The importance of financial stability comes through its impact on banks, financial institutions, and the economy as a whole. The following is a summary thereof (Hanan & Zohair, 2022, p. 280):

• Economies shrink due to reduced economic growth, which leads to increased unemployment rates as a result of financial instability. According to the IMF, the more severe and longer financial crises last, the lower economic growth becomes.

• Many banks around the world experienced severe losses during financial crises, which generated a sense of fear and rapidly cut lending. Credit levels contracted in many countries; this stimulated central banks to inject liquidity into the financial markets in order to reduce the severity of the crisis. The impacts of financial turmoil are devastating along economic, social, and political axes and may continue to be felt for years. The Asian crisis, Japanese banking crisis, and 2008 mortgage crisis are striking examples.

• Declining economic output results in reduced government revenues, adding to sovereign debt problems. Many governments are compelled to decrease public spending, as was witnessed in the European sovereign debt crisis, especially in Greece. According to an estimate by the World Bank, such crises caused average losses of about 11% of GDP and over 21% in some countries like Argentina, Chile, and Côte d'Ivoire.

• The global financial crisis of 2007–2008 led to a loss of about $30 trillion in world stock markets and also a loss of about $30 trillion in the real estate markets. Many large banks went bankrupt, including the most prominent one, Lehman Brothers, the fourth-largest bank in America. About $750 billion had been assigned for bailout programs, as stated in the 2009 World Bank report (Nasri, 2020-2021, p. 35).

4. Indicators of Banking Instability

There are several indicators that signal banking instability (Ben Makhlouf, 2015-2016, pp. 182-183):
• High level of non-performing loans (NPLs):
NPL ratios should not be more than 5%–10% of total bank loans. Above these levels, it shows inefficiency in banking operations.
• Lack of transparency, disclosure, and adequate information:
This may result in bad decision-making, like borrowers overstating asset values, especially those of real estate, to get big loans, leading to poor project selection and eventually raising the risk of defaults.
• Rapid deterioration of capital ratios as assets shrink relative to liabilities.
• Bank runs:
Depositors, upon learning that one or more banks are in trouble, rush to withdraw their deposits, which brings on liquidity crises.
• Bank insolvency:
A bank fails when the market value of its assets falls below its liabilities. This is mostly caused by excessive risky lending, investment in volatile assets, a rise in bad loans, and mass deposit withdrawals.
• Stages of bank bankruptcy, which emerge from different risks, such as credit risk, liquidity risk, and market risk.

5. Measures of Bank Stability

A bank's stability is usually measured by the Z-score, which is a measure of the distance to insolvency (Hameedullah, 2022, p. 5).

It is a composite indicator, which measures the financial stability of banks and, as such, works as an early warning system that helps bank managers discover the necessity for corrective action.

One measure of bank stability is Z-score. Also called bank stability (BSTAB), Z-score comprises accounting measures of profitability, leverage and volatility. It is computed as (Adusei, 2015, p. 6):

$$\text{Z- score (BSTAB)}_{i,t} = \frac{(ROA\ i,t + \frac{E i,t}{A\ i,t})}{\sigma ROA\ ip}$$

where BSTABi, t is the stability Z-score of bank i in quarter t, ROAit is the return on assets ratio, E/A is the equity-to-asset ratio of bank i in quarter t, and σROAip is the standard deviation of bank i's ROA over the complete sample period p.

Third: The Relationship Between Banking Mergers and the Financial Stability of First Abu Dhabi Bank

1. The Establishment of First Abu Dhabi Bank

First Abu Dhabi Bank was created by the merger between First Gulf Bank and the National Bank of Abu Dhabi.

First Gulf Bank was founded in 1979 and regarded as the third-largest bank in the United Arab Emirates, having its headquarters in the Emirate of Abu Dhabi.

Meanwhile, the National Bank of Abu Dhabi, which was established in 1968 by the government, is among the oldest and most prestigious banks in Abu Dhabi. It became a leading institution in the UAE, according to all important banking criteria such as assets, deposits, and branch network; its headquarters are located in the Emirate of Abu Dhabi.

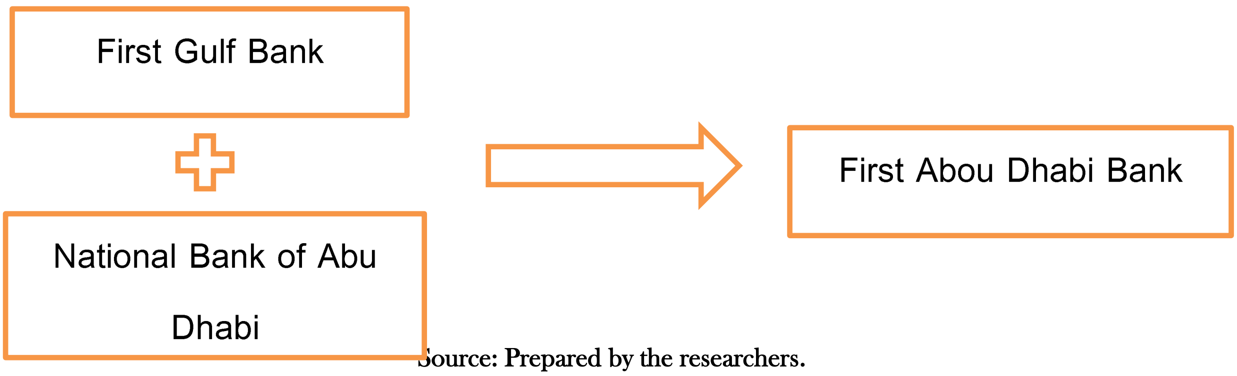
The merger of the two banks went through the following stages (First Abu Dhabi Bank, 2017):

• On July 3, 2016, the First Gulf Bank and the National Bank of Abu Dhabi announced their merger after both the banks unanimously approved it from their respective boards of directors. A head of merger and external advisors were appointed, and a special committee dedicated to overseeing the process of merger was formed. A merger management office and a senior executive team were also set up. Shareholders also approved the merger during the general assembly meeting, and a period for objections to the merger was set.

• On December 7, 2016, the two banks' shareholders, listed on the Abu Dhabi Securities Exchange, formally approved the merger. The transaction was consummated based on a share-swap ratio in which FGB shareholders received 1.254 NBAD shares for every FGB share. Consequently, FGB shareholders held 52% of First Abu Dhabi Bank, and NBAD shareholders owned 48%. About 37% of the combined bank's ownership is held by the Government of Abu Dhabi and related parties. On April 2, 2017, trading of the new shares began with the completion of the merger.

• On April 25, 2017, the rebranding of the bank was approved by the shareholders, who endorsed the name "First Abu Dhabi Bank," FAB, during the general assembly meeting; the new identity was then unveiled and launched across all the bank's branches.

Figure 2: The Establishment of First Abu Dhabi Bank.



Source: Prepared by the researchers.

2. Solvency Indicators of First Abu Dhabi Bank

For further clarification, the data presented in the table above are illustrated in the following figure:

Table 1: Solvency Indicators of First Abu Dhabi Bank Before and After the Banking Merger

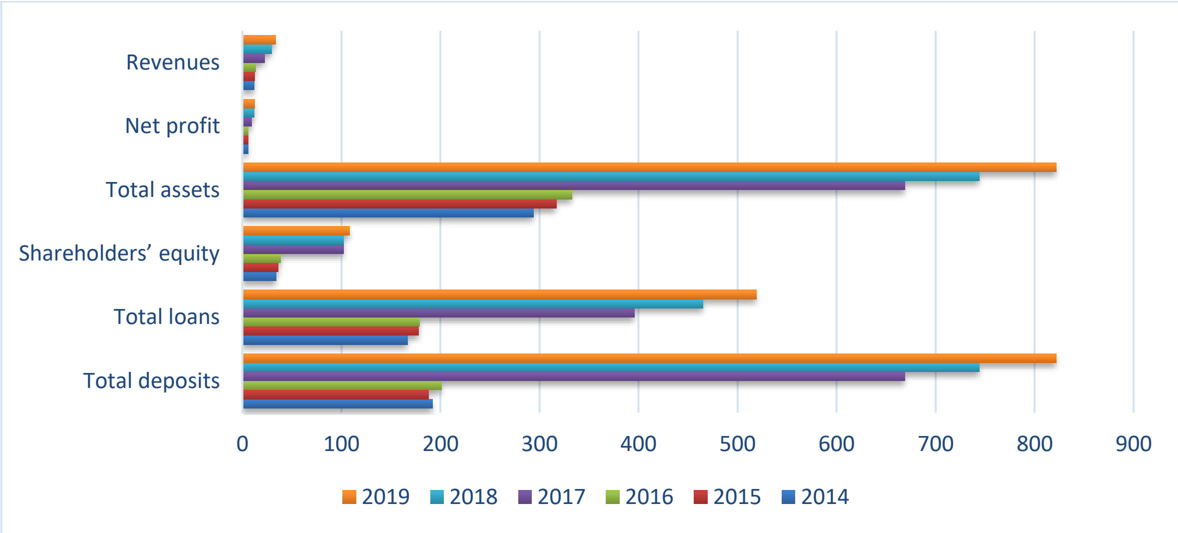
Years / Data (billions of AED)	First Abu Dhabi Bank Before the Merger			First Abu Dhabi Bank After the Merger		
	2014	2015	2016	2017	2018	2019
Total deposits	192	188	201	669	744	822
Total loans	167	178	179	396	465	519
Shareholders' equity	34	36,3	38,5	102	102	108
Total assets	294	317	333	669	744	822

Net profit	5,64	5,62	5,69	9,17	12,07	12,6
Revenues	11,9	12,4	13,2	22,45	29,75	33,41

Source: Prepared by the researchers based on Appendix 1 and the annual reports of the bank under study.

For further clarification, the following diagram has been created:

Figure 1: Evolution of Solvency Indicators of First Abu Dhabi Bank Before and After the Banking Merger



Source: Prepared by the researchers.

In the light of Table 1 and Figure 1, the researchers note that First Abu Dhabi Bank achieved positive results in its resilience indicators, represented by: total deposits, total loans, shareholders' equity, total assets, net profits, and total revenues during the period 2014–2016; however, these indicators showed substantial, noticeable, and continuous improvement during the period 2017–2019, which corresponds to the post-merger phase. Otherwise stated, the banking merger between First Gulf Bank and the National Bank of Abu Dhabi, by which First Abu Dhabi Bank was established, contributed greatly to increasing and enhancing the resilience indicators. This is due to the transfer and consolidation of the financial liabilities of the two merged banks to one entity, which is First Abu Dhabi Bank.

3. Evaluating the Z-Score Indicator Before the First Abu Dhabi Bank Merger:

Based on the data in Table 1, the Z-score indicator for First Abu Dhabi Bank before the merger was calculated. The results are shown in the following table:

Table 2: Z-Score Indicator and Its Components Before the First Abu Dhabi Bank Merger

Years / data	ROA	E/Assets	σROA	z-score
2014	0,0192	0,1156	0,0008774	131,8248122
2015	0,0177	0,115		130,5295147
2016	0,0171	0,116		131,787791

Source: Prepared by the researchers.

It is clearly evident from Table 2 that First Abu Dhabi Bank, represented by the two merging banks (First Gulf Bank and National Bank of Abu Dhabi), recorded positive Z-score values during the period 2014–2016. The Z-score reached 131.82 in 2014, then decreased to 130.53 in 2015, and increased again to 131.79 in 2016. It indicates that both banks were far from financial distress or potential bankruptcy, and that they were financially stable.

On another note, the fluctuations in the Z-score during 2014–2016 are due to variations in the return on assets, given that the average net profits and average total assets of the two merging banks changed during the same period.

4. Evaluating the Z-Score Indicator After the First Abu Dhabi Bank Merger:

Based on the data in Table 1, the Z-score indicator for First Abu Dhabi Bank after the merger was calculated. The results are presented in the following table:

Table 3: Z-Score Indicator and Its Components After the First Abu Dhabi Bank Merger

Years / data	ROA	E/Assets	σROA	z-score
2017	0,0137	0,152	0,0010392	146,7288415
2018	0,0162	0,137		131,9415255
2019	0,0153	0,131		126,4461034

Source: Prepared by the researchers.

It is shown from Table 3 that after the merger, First Abu Dhabi Bank recorded positive Z-score values during the period 2017–2019. The Z-score reached approximately 146.73 in 2017, which is the highest value, then decreased to 131.94 in 2018, and further to 126.45 in 2019. This indicates that after the merger, First Abu Dhabi Bank was able to maintain its financial stability during the years 2017–2019, remaining far from financial distress or the likelihood of bankruptcy.

The partial decline in the Z-score in 2018 and 2019 is attributed to a decrease in the E/Assets ratio, which in turn resulted from an increase in the bank's total assets during the study period.

5. Results

Based on Tables 2 and 3, the overall Z-score was calculated using the arithmetic mean before and after the merger, and the results are presented in the following table:

Table 4: Overall Z-Score Before and After the First Abu Dhabi Bank Merger

	Before the bank merger	After the bank merger
z-score	131,380706	135,038823

Source: Prepared by the researchers.

Based on the data presented in Table 4, it is observed that the overall Z-score after the merger during the period 2017–2019 reached 135.038823, which is higher than the overall Z-score before the merger during the period 2014–2016, valued at 131.380706. This means that the Z-score increased by 2.78% after the merger compared to before it. Accordingly, First Abu Dhabi Bank is far from financial distress or the risk of bankruptcy, and is in a highly secure position—especially following the merger between First Gulf Bank and National Bank of Abu Dhabi, which together formed First Abu Dhabi Bank. Therefore, the banking merger positively impacted the financial stability of First Abu Dhabi Bank, in that it contributed to increasing the Z-score after the merger compared to that before it, thereby strengthening the bank's financial stability. Hence, the decision of the merger is considered successful.

Thus, it is concluded that the first hypothesis of the study is valid, which states: There is a positive effect of banking mergers in enhancing the financial stability of banks according to the Z-score indicator—Case of First Abu Dhabi Bank.

Conclusion

Through this research paper, the researchers reached a number of findings, summarized as follows:

• A banking merger is a combination of two or more banks that join to form a stronger and more resilient new bank to achieve goals not possible before their merger—that is, 1 + 1 = 3.

• To be more specific, the establishment of large-scale banks enjoying economies of scale, with strong competitive capabilities and financial performance, and ultimately obtaining market share and an effective presence in the market, are the main aims of a banking merger.

• A banking merger may take the form of absorption, in which case the legal identity of the merged banks disappears except for the absorbing bank, or consolidation, where all merging banks lose their legal identities and a wholly new bank with a new legal identity is created.

Prior to the merger, those responsible for the merging banks should undertake a deep, detailed, comprehensive, and complete study to determine the costs of the merger, valuation, method of merger, and plan for completing the merger transaction. This makes sure that the resultant merged banks benefit from the positive consequences of the merger.

First Gulf Bank merged with the National Bank of Abu Dhabi through absorption, whereby First Gulf Bank lost its legal entity and National Bank of Abu Dhabi retained its legal entity, and later changed its name to First Abu Dhabi Bank.

First Abu Dhabi Bank enhanced its resilience indicators, which include total deposits, total loans, shareholders' equity, total assets, net profits, and total revenues. All these indicators showed a remarkable increase in the post-merger period, 2017-2019, compared to the pre-merger period of 2014-2016.

• After the merger, the Z-score of First Abu Dhabi Bank increased by 2.78% compared to before the merger, which reflects the positive impact of the banking merger on enhancing financial stability according to the Z-score indicator in the case of First Abu Dhabi Bank.

First Abu Dhabi Bank is far away from financial distress and the probability of bankruptcy. It is in a highly secure position, especially after the merger between the First Gulf Bank and the National Bank of Abu Dhabi, which together formed First Abu Dhabi Bank. Thus, the merger was a very successful banking decision.

The study also recommends the adoption of the merger strategy in banking, with a view to developing a regulatory and structural framework that supports financial stability and enhances banks' ability to resist future shocks and banking crises.

Ethical Considerations

This study was conducted in accordance with internationally accepted ethical standards for academic research. The research is based exclusively on secondary data obtained from publicly available annual financial reports of First Abu Dhabi Bank and its predecessor institutions. No human participants, personal data, interviews, surveys, or confidential information were involved in this study. Consequently, ethical approval from an institutional review board was not required. The authors confirm that all data were used responsibly, transparently, and solely for academic and research purposes, with proper acknowledgment of sources.

Author Contributions

- **Amina Atamnia:** Conceptualization of the study; development of the theoretical framework; data collection; data analysis using the Z-score indicator; interpretation of results; drafting and revising the manuscript.
- **Fouad Atamnia:** Methodological design; critical analysis of financial stability indicators; validation of results; academic review and editing of the manuscript; supervision and final approval of the submitted version.

All authors have read and approved the final manuscript and agree to be accountable for all aspects of the work.

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Conflict of Interest

The authors declare that there is **no conflict of interest** regarding the publication of this paper. The authors have no financial, professional, or personal relationships that could have influenced the research outcomes or interpretations presented in this study.

Appendix 1: Resilience Indicators of First Gulf Bank and National Bank of Abu Dhabi Before the Merger

Banks (billions of AED)	data	**2014**	**2015**	**2016**
First Gulf Bank (FGB)	Total deposits	141	142	149
	Total loans	140	150	157
	Shareholders' equit	34	36	37
	Total assets	212	227	245
	Net profit	5,7	6,02	6,07
	Revenues	10,73	11,29	11,74
National Bank of Abu Dhabi (NBAD)	Total deposits	243	234	253
	Total loans	194	206	201
	Shareholders' equity	34	36,6	40
	Total assets	376	407	421
	Net profit	5,58	5,23	5,3
	Revenues	13,06	13,47	14,66

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