

Название публикации:

Factors' impact on the equity cost of capital in mergers and acquisitions

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Сведения об издании:

Espacios
Volume 39, Issue 27, 2018, 10p

Аннотация:

The article offered the ratio of the volume of bank transactions in the market of mergers and acquisitions to the value of a bank's equity capital; the factor analysis of return on capital was performed according to the DuPont formula. The dynamics of the market of mergers and acquisitions demonstrated a significant drop in their number during the last three years. The discrepancy of the price expectations of buyers and sellers did not clarify the problem of the contraction of the market of bank transactions of mergers and acquisitions. The authors suggested a hypothesis of the negative impact of factors on efficiency of capital use in the bank transactions in the market of mergers and acquisitions. The transaction analysis in this market showed that the availability of the equity capital did not provoke the bank management's interest in making transactions. The authors proved that the efficiency of use of banks' equity capital significantly influenced the market figures. In the article, the decomposition analysis of return on capital was performed taking into account the parameters of the banks' activity. The results of the analysis revealed that return on equity was influenced by the margin of the banking profit. The article provided an example of profitability calculation of the equity capital and gave the assessment of the factors' impact.

Ключевые слова:

Bank transactions, Decomposition analysis, Equity capital, Equity multiplier, Estimation of factors' impact, Financial market, Level of assets use, Margin of banking profit, Mergers and acquisitions, Return on equity, Volume of bank transactions