Developing A Conceptual Framework for Post-Merger Compliance Integration in Multi-Jurisdictional Banking Transaction

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Abstract
This paper develops a conceptual framework for managing post-merger compliance integration in multi-jurisdictional banking transactions. Cross-border bank mergers create a class of compliance exposure that domestic-only integration playbooks were never designed to carry: divergent regulatory regimes, inconsistent supervisory expectations, and fragmented control environments must be reconciled within compressed integration timelines and under close supervisory scrutiny. Drawing on institutional theory, the resource-based view, organizational integration research, and agency theory, the paper proposes a six-dimension framework consisting of regulatory harmonization, governance integration, risk and control alignment, cultural and operational integration, technology and data integration, and stakeholder communication. These dimensions are mapped across four sequential integration phases: due diligence, Day One readiness, stabilization, and full integration. The resulting framework is intended as a diagnostic and planning tool for compliance officers, integration management offices, and boards overseeing cross-border banking consolidation. The paper closes with a discussion of managerial and regulatory implications, acknowledges the limitations of a conceptual approach, and proposes directions for future empirical validation.

Keywords: *post-merger integration, regulatory compliance, banking mergers and acquisitions, multi-jurisdictional regulation, conceptual framework, financial services governance*

1. Introduction

1.1 Background and Motivation

Banking sector consolidation has been a persistent feature of the global financial landscape for more than two decades, driven by pressure to achieve scale economies, diversify balance sheets, absorb the cost of digital transformation, and, in some cases, resolve weak or failing institutions. When a merger or acquisition crosses national borders, the resulting institution inherits not one compliance regime but several: prudential capital and liquidity rules, anti-money laundering and counter-terrorist financing obligations, data protection law, conduct and consumer protection rules, sanctions regimes, and tax reporting obligations, each administered by a different supervisor with its own expectations, timelines, and enforcement posture. Post-merger integration research has traditionally treated compliance as a subset of the broader operational integration workstream, addressed largely through checklists and gap analyses performed by external advisers. This treatment understates the strategic weight that compliance now carries in banking transactions.

Supervisory approval is frequently a precondition for deal completion, and post-completion compliance failures, whether in anti-money laundering controls, sanctions screening, or data governance, have produced some of the largest financial and reputational penalties in the industry over the past decade. A merger that satisfies commercial and financial logic can still destroy value if compliance integration is treated as an afterthought rather than a designed process.

1.2 Problem Statement

Despite the centrality of compliance to the success of cross-border banking mergers, the academic and practitioner literature offers no widely accepted conceptual framework that connects the theory of organizational integration to the practical demands of multi-jurisdictional regulatory compliance. Existing merger integration models were developed primarily for industrial and consumer-facing firms, where regulatory constraints are comparatively light, while banking-specific compliance literature tends to focus on single-jurisdiction requirements or on individual risk domains such as anti-money laundering, in isolation from the wider integration process. The result is a gap between two bodies of knowledge that practitioners must bridge in an ad hoc manner, transaction by transaction, often under significant time pressure and without a shared conceptual vocabulary.

1.3 Purpose and Objectives

The purpose of this paper is to close that gap by proposing a conceptual framework, grounded in established organizational and institutional theory, that structures post-merger compliance integration in multi-jurisdictional banking transactions. The paper pursues three objectives. First, it reviews the relevant streams of literature on banking mergers, post-merger integration, and multi-jurisdictional regulatory complexity to identify the conceptual building blocks available for such a framework. Second, it synthesizes these building blocks into a structured framework composed of defined dimensions and integration phases. Third, it discusses how the framework might be applied by practitioners and considers its limitations and the empirical work needed to validate it.

1.4 Conceptual Approach

This paper follows a conceptual research design common in management and organizational studies, in which theory-building proceeds through the deliberate synthesis of established theoretical perspectives and prior applied literature rather than through the collection of new primary data. A narrative review was conducted across three literatures: general post-merger integration research, banking-specific regulatory compliance literature, and applied practitioner-oriented work addressing individual compliance domains in cross-border financial services. Four theoretical lenses, institutional theory, the resource-based view, organizational integration theory, and agency theory, were then selected for their established relevance to organizational change, capability development, and regulatory oversight, and were used to interpret the gaps identified in the narrative review; a fifth lens, contingency theory, was subsequently added to address how the framework should be calibrated to deal-specific circumstances. The dimensions and phases of the proposed framework were derived by mapping the practical compliance domains identified in the literature onto the phased structure of integration activity described in organizational integration theory, then checked for internal consistency by tracing each cell of the resulting matrix back to at least one supporting theoretical or applied source. Because the paper does not report new empirical data, the resulting framework is best read as a set of propositions about how post-merger

compliance integration ought to be structured, propositions that Section 7 identifies as candidates for future empirical testing rather than as findings already confirmed.

2. Literature Review

2.1 Mergers and Acquisitions in Banking

Banking mergers differ from mergers in other sectors in several respects that bear directly on integration design. Banks operate under continuous prudential supervision rather than periodic regulatory contact, so the integrating institution remains subject to real-time supervisory expectations even while its internal systems and controls are being combined. Banks are also highly interconnected, meaning that control weaknesses introduced during integration can propagate through payment systems, correspondent banking relationships, and interbank exposures. Finally, banking mergers frequently require change-of-control approvals, competition clearance, and prudential non-objection in every jurisdiction in which the merging entities hold a licence, which extends deal timetables and increases the number of stakeholders whose expectations must be managed throughout integration.

2.2 Post-Merger Integration Challenges

The general management literature on post-merger integration has long recognized that value creation in mergers depends less on deal structuring than on execution during the integration period. Early work by Haspeslagh and Jemison (1991) distinguished between the strategic capability transfer a merger is intended to achieve and the organizational disruption integration inevitably produces, arguing that integration approach should be matched to the type of strategic interdependence sought between the merging firms. Subsequent research, notably Cartwright and Cooper (1993), identified cultural incompatibility, loss of key personnel, and breakdown in communication as recurring causes of integration failure, findings that apply with particular force in banking, where institutional culture shapes risk appetite and control behaviour.

A separate stream of integration literature has emphasized process and sequencing, distinguishing between the pre-close planning period, an initial stabilization period immediately following legal completion, often referred to as Day One, and a longer full integration period during which systems, processes, and organizational structures are consolidated. This phased view of integration provides a natural structure onto which compliance-specific activity can be mapped; an approach adopted in the framework developed in Section 4.

2.3 Regulatory Compliance Landscape in Banking

Banking compliance obligations span several largely independent regulatory domains. Prudential regulation, informed by the Basel capital and liquidity standards, governs capital adequacy, risk-weighted assets, and liquidity coverage, and requires supervisory non-objection before significant balance sheet combinations proceed. Anti-money laundering and counter-terrorist financing obligations, shaped internationally by the Financial Action Task Force recommendations, require harmonized customer due diligence, transaction monitoring, and suspicious activity reporting across the combined entity. Data protection and cross-border data transfer rules, exemplified by the European Union's General Data Protection Regulation and equivalent regimes elsewhere, constrain how customer data can be consolidated onto shared systems. Sanctions regimes, conduct and consumer protection rules, and tax information reporting obligations add further layers, each with its own supervisory authority, reporting cadence, and enforcement history.

Internal control literature, most notably the COSO Internal Control, Integrated Framework (2013), and corporate governance guidance issued by the Basel Committee on Banking Supervision (2015), describe the control environment, risk assessment, control activities, information and communication, and monitoring activities that a well governed bank is expected to maintain. These frameworks describe what a compliant steady-state control environment looks like, but they were not designed to describe the transitional period in which two previously independent control environments are combined, which is precisely the period in which post-merger compliance risk is highest.

2.4 Multi-Jurisdictional Complexity

Very and Schweiger (2001) found that many of the critical problems encountered in acquisitions are more acute in cross-border than in domestic deals, a finding that anticipates the multi-jurisdictional complexity discussed in this section. Where a banking transaction spans more than one jurisdiction, integration teams must reconcile regulatory requirements that differ in substance, in supervisory philosophy, and in enforcement style. A control that satisfies one supervisor's expectations may be insufficient, or structured incorrectly, for another. Reporting formats, regulatory reporting calendars, and even the definition of basic terms, such as what constitutes a politically exposed person or a reportable transaction, can vary across jurisdictions. Supervisors themselves have begun to recognize this complexity: the European Central Bank's 2020 draft guide on the supervisory approach to consolidation in the banking sector explicitly encouraged merging banks to present a credible, well-governed integration plan as part of the supervisory approval process, signalling that integration planning quality is now a supervisory concern in its own right, not merely an internal management matter.

2.5 Gaps in Existing Literature

Three gaps emerge from this review. First, general merger integration theory provides process structure but limited guidance on regulatory content. Second, banking compliance literature provides regulatory content but is typically organized by risk domain rather than by the integration process through which domains must be reconciled. Third, neither body of literature adequately addresses the multiplicative complexity introduced when several jurisdictions' requirements must be integrated simultaneously, within a single deal timetable, and under the scrutiny of several supervisors at once. The conceptual framework developed in this paper is intended to address these gaps by combining process structure with regulatory content across jurisdictions.

2.6 Applied and Practitioner-Oriented Literature

A smaller body of applied, practitioner-oriented conceptual work available at the time of writing speaks to individual dimensions of the framework developed in this paper, even though none of it was written with post-merger integration specifically in mind. On internal audit and risk-based control, Akomolafe and Agu (2018) proposed a technology-enabled risk assessment model for internal audit quality, and the same authors subsequently proposed a risk-based internal control model specific to the insurance and banking sectors (2019a), a review of data-driven risk evaluation models for emerging-market financial institutions (2019b), and an account of how integrated governance and compliance strategies contribute to financial resilience (2019c). Taken together, this cluster offers a control taxonomy that maps closely onto the risk and control alignment dimension of the present framework.

On cross-border tax and data governance, Lawal and Oduleye contributed a conceptual framework for cross-border tax governance and compliance analytics (2018) and a risk assessment model for transfer pricing in multinational corporations (2019), both bearing on the tax and reporting obligations that regulatory harmonization must reconcile in a cross-border banking merger. In a related vein, Mbonu, Aliliele, Iwuanyanwu, and Oluoha (2018) proposed a framework for legal and ethical risk modeling in enterprise data protection governance, and Mbonu, Aliliele, Uzoka, and Oluoha (2019a) compared data protection regulation and secure cloud implementation strategies across jurisdictions, both directly relevant to the data protection constraints discussed under the technology and data integration dimension in Section 4.

On technology, security, and monitoring infrastructure, Mbonu, Aliliele, Iwuanyanwu, and Uzoka (2020) reviewed identity and access management integration strategies in hybrid and multi-cloud environments, and Okoruwa, Fadayomi, Akeju, Edivri, Ogbole, and Abolaji (2020) proposed a conceptual model for privacy-centric security engineering in digital and cloud computing systems, both bearing on the technology and data integration dimension's data protection constraints. Dosunmu and Ogundele contributed a security audit and enterprise risk assessment framework for resilient information systems (2019) and a model for intrusion detection and prevention aimed at organizational cyber defense (2020), relevant to the monitoring activity the framework expects during stabilization, and Mbonu, Iwuanyanwu, Uzoka, and Oluoha (2019b) examined enterprise log analytics and automated incident response architectures, a further precursor to the assurance and monitoring tooling this paper's risk and control alignment dimension assumes.

A further set of sources is semi-related rather than directly on topic, drawn from public-sector and other regulated but non-banking contexts, but included here because each addresses a structurally similar problem of reconciling control, governance, or cultural practice across organizational or jurisdictional boundaries. Dogbatsey and Ebhojie (2018) reviewed budget compliance and statutory reporting reform across Sub-Saharan African public-sector contexts, and Dogbatsey, Ebhojie, and Oyeleye (2019) proposed a conceptual framework for reconciliation control and financial workflow redesign in emerging-market organizations, both offering a public-sector analogue to the regulatory harmonization problem this paper addresses in banking. Eyetsemitan, Ambali, Oyeleye, and Fadayomi (2020) proposed a governance alignment framework for coordinating business processes among multiple stakeholders in highly regulated environments, a close structural analogue to the governance integration dimension despite being developed outside banking, and Arumosoye and Obriki (2020) proposed a governance-oriented model for contractor performance in multi-contract industrial projects, illustrating a similar governance challenge in a different regulated setting. Adegbite, Adebayo, and Ahmed (2020) reviewed compliance with the electric utility sector's NERC CIP standard and associated architectural threat mitigation, offering a cross-sector illustration of regulatory harmonization against a binding technical standard, and Adeyelu contributed a predictive compliance monitoring framework for aviation safety risk (2018) and an adaptive safety management implementation model for aerodromes in developing-economy contexts (2019), both semi-related analogues to the phased, jurisdiction-sensitive compliance implementation this paper's framework proposes. Finally, Lilian, Liadi, Yeboah, and Apelehin (2020) examined cross-cultural communication, identity, and diversity in global interaction, bearing on the behavioural and cultural norms addressed under the cultural and operational integration dimension. Taken together, this applied literature supplies domain-specific building blocks for several cells of the framework matrix in Section 4, even though, consistent with the gap identified above, none of it assembles those blocks into an integration-phased structure specific to banking.

3. Theoretical Foundations

3.1 Institutional Theory

Institutional theory, particularly the concept of institutional isomorphism developed by DiMaggio and Powell (1983), holds that organizations operating within a shared regulatory field tend to adopt similar structures and practices in order to secure legitimacy with regulators, counterparties, and the public. Applied to banking mergers, institutional theory suggests that the combined entity must be seen by each relevant supervisor as legitimate within that supervisor's own regulatory field, which may require maintaining jurisdiction-specific governance structures even where global operational consolidation would otherwise be efficient. This tension between global operational efficiency and local institutional legitimacy is a recurring theme in the framework proposed below.

3.2 Resource-Based View and Compliance as Capability

The resource-based view, associated with Barney's (1991) work on firm resources and sustained competitive advantage, treats valuable, rare, and difficult-to-imitate organizational capabilities as a source of competitive advantage. Reframing compliance as an organizational capability, rather than a cost center, implies that the compliance function of the acquiring or surviving entity should be evaluated, and where necessary rebuilt, as a strategic asset during integration. A combined compliance capability that is more robust, more automated, and more scalable than either predecessor institution's standalone function represents a genuine source of post-merger value, and its deliberate construction is treated as a design objective within the framework rather than a residual outcome of other integration decisions.

3.3 Organizational Integration Theory

Building on Haspeslagh and Jemison's (1991) distinction between the need for strategic interdependence and the need for organizational autonomy, organizational integration theory suggests that the appropriate degree and speed of integration should vary by function. Functions where interdependence is essential to realizing deal value should be integrated quickly and deeply; functions where local autonomy protects value, including, in some cases, jurisdiction-specific compliance functions, should be integrated more cautiously. This differentiated logic informs the phased structure of the proposed framework, which allows different compliance dimensions to progress through integration at different speeds according to their risk profile and jurisdictional sensitivity.

3.4 Agency Theory and Regulatory Oversight

Agency theory frames the relationship between a bank's management and its supervisors as one in which the supervisor, as an external monitor acting on behalf of depositors and the wider financial system, requires reliable information to assess whether management is controlling risk appropriately. During post-merger integration, information asymmetry between management and supervisors tends to widen, since management possesses more current knowledge of the state of the combined control environment than any single supervisor can independently verify. The framework therefore treats transparent, proactive supervisory communication not as a public relations exercise but as a mechanism for narrowing this information asymmetry and preserving supervisory trust throughout the integration period.

3.5 Contingency Theory and Deal-Specific Calibration

A final theoretical lens, contingency theory, cautions against treating the framework's six dimensions and four phases as a fixed prescription to be applied identically to every transaction. Contingency theory holds that the effectiveness of an organizational structure or process depends on its fit with the specific context in which it operates, rather than on any universally optimal design. Applied to post-merger compliance integration, this implies that the relative priority of the six dimensions, and the pace at which each should progress through the four phases, should be calibrated to deal-specific factors: the number of jurisdictions involved, the relative maturity of the two institutions' compliance functions, whether the transaction is a merger of relative equals or the acquisition of a smaller or distressed institution, and whether the acquirer is expanding into a jurisdiction where it previously had no licensed presence. A framework that ignored these contingencies would risk prescribing the same integration tempo for a two-jurisdiction merger of comparably sophisticated institutions as for a five-jurisdiction acquisition of a distressed bank with a materially weaker control environment, a mismatch that would misallocate scarce integration resources in either direction. The framework is therefore best understood as a structure to be calibrated, not a template to be applied uniformly, a point developed further in Section 5.4.

4. Proposed Conceptual Framework

4.1 Framework Overview

The proposed framework, termed the Multi-Jurisdictional Compliance Integration Framework, or MJCIF, is organized around two axes. The first axis consists of six compliance dimensions that must be addressed in any multi-jurisdictional banking merger. The second axis consists of four sequential integration phases through which each dimension progresses. The intersection of a dimension and a phase defines a specific set of integration activities and decision points, providing integration teams with a shared map of what must be done, in what sequence, and by whom.

4.2 The Six Compliance Dimensions

The framework identifies six compliance dimensions that recur across multi-jurisdictional banking mergers regardless of the specific jurisdictions or institutions involved: regulatory harmonization, governance integration, risk and control alignment, cultural and operational integration, technology and data integration, and stakeholder communication. Each dimension is discussed in turn below.

Regulatory harmonization involves identifying every prudential, conduct, anti-money laundering, sanctions, tax, and data protection requirement that applies in each jurisdiction in which the combined entity will operate, and reconciling the differences between them into a single, coherent compliance position. In practice this begins with a jurisdiction-by-jurisdiction inventory of applicable rules, followed by a gap analysis identifying where the two predecessor institutions' existing compliance positions diverge from each other or from the requirements of a jurisdiction neither institution previously operated in. Harmonization does not necessarily mean adopting the strictest standard found in any single jurisdiction, since doing so can be commercially unnecessary and, in some cases, inconsistent with a host jurisdiction's own rules; rather, it means adopting, dimension by dimension, whichever standard satisfies every applicable jurisdiction's minimum requirement, while flagging any jurisdictions where local law requires a genuinely distinct local variant that cannot be harmonized away.

Governance integration concerns the combination of board and committee structures, delegated authorities, and reporting lines so that accountability for compliance is unambiguous at every level of the combined entity, in every jurisdiction. It typically requires decisions about whether jurisdiction-specific subsidiary boards and local compliance committees will be retained, in order to preserve the local institutional legitimacy discussed above, or consolidated into group-level structures with local liaison functions. Delegated authority matrices, which set out who may approve what class of decision at what risk threshold, are a frequent source of early confusion in cross-border mergers, since the two predecessor institutions will rarely have used the same thresholds or the same escalation triggers, and reconciling them is a governance integration task in its own right rather than a purely technical one.

Risk and control alignment are the reconciliation of the risk appetite statements, control frameworks, and assurance methodologies of the merging institutions into a single, coherent control environment. Because the two institutions will typically have used different control taxonomies, different risk rating scales, and different assurance testing cadences, a literal merger of their control libraries is rarely possible; instead, integration teams generally need to build a new, unified control framework and then map each predecessor institution's existing controls onto it, retiring or upgrading any control found not to meet the unified standard. This dimension interacts closely with technology and data integration, discussed next, because many controls in a modern bank are implemented in software rather than as manual procedures, and cannot be fully aligned until the underlying systems are aligned.

Cultural and operational integration addresses the compliance-relevant behavioural norms, escalation practices, and day-to-day operating procedures of the merging institutions' staff, a dimension that is easy to underweight relative to the more formally documented dimensions above but that strongly influences whether newly harmonized controls are actually followed in practice. Two institutions with an outwardly similar control framework can nonetheless differ substantially in escalation culture, in how readily staff report near misses or control breaches, and in the degree of deference shown to compliance guidance relative to commercial pressure. Because these norms are transmitted through day-to-day management behaviour rather than through policy documents, this dimension typically requires sustained, visible reinforcement from senior management over the stabilization and full integration phases, rather than a one-time training exercise delivered at Day One.

Technology and data integration concern the consolidation or interfacing of the systems used for transaction monitoring, customer due diligence, regulatory reporting, and data management, while maintaining continuity of controls throughout migration. It is frequently the longest-running of the six dimensions, since core banking and compliance systems cannot generally be migrated instantaneously, and a period in which interim interfaces or manual workarounds substitute for full system integration should be explicitly planned for rather than treated as an unplanned gap. Data protection and cross-border data transfer rules add a further constraint, since customer data cannot always be moved onto a shared platform hosted in a different jurisdiction without meeting specific legal safeguards, a consideration that should inform the sequencing of any technology migration plan.

Stakeholder communication is the structured, proactive management of communication with supervisors, regulators, and other external stakeholders across all relevant jurisdictions throughout the integration period. Consistent with the agency-theory rationale set out above, it is treated in the framework not as a peripheral public relations activity but as a mechanism for maintaining supervisory trust during a period in which information asymmetry between management and supervisors naturally widens. In practice this means agreeing a communication cadence and reporting format with each relevant supervisor early in the due diligence phase, rather than waiting for a supervisor to request an update, and ensuring that the same underlying integration status information, drawn from the framework matrix itself, is what is being reported to every jurisdiction, so that no supervisor receives a materially more optimistic account than another.

4.3 The Four Integration Phases

The framework maps each of the six dimensions above onto four sequential integration phases, due diligence, Day One readiness, stabilization, and full integration, that correspond broadly to the phased view of integration established in the organizational integration literature reviewed in Section 2.2. Each phase is discussed in turn below.

Due diligence is the phase during which compliance risks and regulatory gaps are identified before completion, informing deal structuring, valuation, and the design of the integration plan itself. It typically involves a jurisdiction-by-jurisdiction regulatory gap analysis of the target institution against the framework's six dimensions, producing a prioritized list of pre-completion conditions, indemnities, or integration budget items. Because due diligence access to a target's systems and personnel is often more limited than the access available after completion, findings from this phase should be treated as provisional and revisited once fuller access is available at Day One, rather than as a final assessment on which the entire integration plan is fixed.

Day One readiness establishes the minimum controls required for the combined entity to operate lawfully and safely from the moment of legal completion, across every jurisdiction in which it holds a licence. Because full alignment of governance, systems, and culture cannot realistically be achieved by completion in most cross-border transactions, this phase typically relies on a defined set of interim controls, explicitly documented and time-bound, that substitute for target-state arrangements until stabilization and full integration are complete. A common failure mode at this phase is allowing interim controls to become de facto permanent by omission, simply because no one revisits them once the pressure of the completion deadline has passed; the framework addresses this by requiring that every interim control identified at Day One carry an explicit retirement date tracked in the framework matrix.

Stabilization is the phase in which the interim controls implemented at Day One are monitored, tested, and refined, and early integration risks are actively managed while longer-term, target-state solutions are built. It typically involves heightened monitoring frequency relative to the eventual steady state, since interim controls are, by construction, less mature than the target-state arrangements they will eventually be replaced by, and early detection of control weaknesses during stabilization is considerably less costly than detection after full integration has been declared complete. Stabilization is also the phase in which cultural and operational friction is most likely to surface, as staff from both predecessor institutions begin working within genuinely shared procedures for the first time.

Full integration is reached when target-state systems, governance structures, and control frameworks have been implemented, interim arrangements have been retired, and the combined entity operates under a single, steady-state compliance operating model across every relevant jurisdiction. Declaring full integration complete should be an explicit, evidenced decision, ideally documented against the same framework matrix used throughout the preceding phases, rather than an implicit assumption that accumulates once enough time has passed since completion. Because supervisory attention to a merged institution's control environment does not necessarily end when internal integration is declared complete, institutions should expect continued supervisory monitoring for a period after full integration, and should retain the documentation generated throughout the due diligence, Day One, and stabilization phases as evidence of a well governed integration process.

4.4 Framework Matrix

Table 1 summarizes the framework by showing, for each of the six dimensions, the principal activity expected within each of the four integration phases. The matrix is intended as a planning and diagnostic tool: an integration team can use it to confirm that every cell has an owner, a defined activity, and a target completion point, and a compliance officer or supervisor can use it to assess whether a proposed integration plan addresses the full range of dimensions rather than concentrating disproportionately on the dimensions that are easiest to plan or measure.

Dimension	Due Diligence	Day One Readiness	Stabilization	Full Integration
Regulatory Harmonization	Map regulatory gaps across jurisdictions	Confirm minimum lawful requirements met	Track resolution of identified gaps	Single harmonized regulatory position
Governance Integration	Assess board and committee structures	Interim delegated authorities in place	Refine reporting lines and escalation	Unified governance structure
Risk and Control Alignment	Compare risk appetites and control maps	Interim controls for critical risks	Test and calibrate interim controls	Single control framework live
Cultural and Operational Integration	Assess cultural and behavioural fit	Baseline conduct expectations communicated	Monitor adherence, address friction	Shared compliance culture embedded
Technology and Data Integration	Inventory systems and data flows	Interim interfaces or manual workarounds	Migrate priority systems in stages	Consolidated technology and data estate

Dimension	Due Diligence	Day One Readiness	Stabilization	Full Integration
Stakeholder Communication	Identify all relevant supervisors	Initial notifications and briefings	Regular progress reporting to supervisors	Steady-state supervisory relationship

Table 1. Multi-Jurisdictional Compliance Integration Framework (MJCIF) matrix.

5. Discussion

5.1 Application to Cross-Border Banking M&A

The framework is designed to be applied iteratively rather than as a one-time checklist. During due diligence, the matrix helps a target's compliance posture be assessed dimension by dimension across every relevant jurisdiction, surfacing gaps that should influence deal terms, indemnities, or the integration budget. Following completion, the same matrix becomes an integration management tool, tracked by an integration management office and reported to a steering committee, with each cell assigned an accountable owner and a target date. Because the matrix separates dimension from phase, it also allows different dimensions to progress at different speeds. Regulatory harmonization and governance integration, for example, often need to be substantially complete by Day One, while technology and data integration may reasonably extend well into the full integration phase, provided that interim controls, tracked under stabilization, remain effective in the meantime.

5.2 Interaction Between Dimensions

The six dimensions are not independent; they interact in ways that integration teams should anticipate. Technology and data integration decisions constrain what risk and control alignment is achievable, since a control that depends on a system feature which does not yet exist in the combined technology estate cannot be fully implemented until that estate is built. Cultural and operational integration affects how reliably any newly harmonized control will actually be followed by staff day to day, regardless of how well the control itself is designed on paper. Stakeholder communication cuts across every other dimension, since supervisors will typically expect visibility into progress on regulatory harmonization, governance integration, and risk and control alignment as a condition of maintaining their confidence in the institution through the integration period.

5.3 Illustrative Scenario

Consider a hypothetical merger between Bank Alpha, headquartered in one jurisdiction with a mature, technology-enabled compliance function, and Bank Beta, headquartered in a second jurisdiction with a smaller, more manually operated compliance function, where both institutions also hold licences in a third jurisdiction through existing branch networks. Applying the framework, due diligence would map each institution's control environment against the requirements of all three jurisdictions, identifying, for instance, that Bank Beta's transaction monitoring thresholds do not meet the standard expected by the third jurisdiction's supervisor. Day One readiness would then require, at minimum, that Bank Beta's monitoring be brought up to the higher standard, or that enhanced manual review procedures be implemented as an interim control, before legal completion. Stabilization would involve close monitoring of that interim control's

effectiveness, with escalation procedures in place should gaps emerge, while full integration would involve migrating Bank Beta's customer base onto Bank Alpha's more mature monitoring system, at which point the interim control could be retired. Throughout, stakeholder communication would keep all three supervisors informed of progress against this plan, consistent with the emphasis several supervisors, including the European Central Bank, have placed on credible integration planning as part of merger approval.

5.4 A Second Illustrative Scenario: Acquisition of a Distressed Institution

The scenario in Section 5.3 involved two going-concern institutions of broadly comparable standing. Applying the framework to a structurally different transaction, the acquisition of a distressed institution under supervisory pressure to complete quickly, illustrates how the contingency logic introduced in Section 3.5 operates in practice. Consider a hypothetical case in which Bank Gamma, a well-capitalized institution operating in two jurisdictions, acquires Bank Delta, a smaller institution in financial distress operating in one of the same two jurisdictions plus a third jurisdiction new to Bank Gamma, under a supervisor-encouraged, resolution-adjacent transaction with a compressed completion timetable.

In this scenario, due diligence access is likely to be more constrained than in an ordinary negotiated transaction, and the regulatory gap analysis described above in relation to the due diligence phase may need to be completed on a best-available-information basis, with material assumptions explicitly flagged for validation immediately after completion. Day One readiness takes on particular weight, since Bank Delta's distressed condition makes it more likely that its existing control environment falls short of Bank Gamma's standard across several dimensions simultaneously, requiring a larger set of interim controls than in a merger of comparable institutions, and correspondingly closer supervisory engagement under the stakeholder communication dimension from the outset. Governance integration is also likely to proceed faster and more directively than in the first scenario, since a distressed target's existing governance arrangements may themselves be a contributing cause of its condition, giving Bank Gamma stronger grounds, and stronger supervisory support, for rapid consolidation of governance structures rather than the more gradual, legitimacy-preserving approach that institutional theory would otherwise favour for a merger of relative equals. The contrast between the two scenarios illustrates the framework's central contingency claim: the same six dimensions and four phases apply to both transactions, but the pace, sequencing, and relative priority given to each dimension differ substantially according to deal-specific circumstances.

6. Managerial and Regulatory Implications

6.1 Implications for Bank Management and Integration Teams

For bank management and integration teams, the framework suggests that compliance integration planning should begin during due diligence rather than after legal completion, that a single accountable owner should be assigned to each dimension across every relevant jurisdiction, and that interim, or Day One, controls should be explicitly designed, documented, and time-bound rather than treated as informal workarounds. The framework also suggests that technology and data integration timelines should be planned in coordination with risk and control alignment timelines, since the two dimensions are frequently interdependent in practice even though they are often planned by separate workstreams.

Resourcing the integration management office adequately for compliance-specific work is a related implication. Because the six dimensions draw on distinct specialist skill sets, spanning

regulatory affairs, internal audit, technology architecture, and organizational change management, a compliance integration workstream staffed only with generalist project managers is unlikely to surface dimension-specific risks early enough to address them before Day One. Institutions that have executed successful cross-border integrations typically second senior compliance and risk staff from both predecessor institutions into the integration management office for the duration of the stabilization phase, rather than relying solely on external advisers, since institutional knowledge of each predecessor's existing control environment is difficult to fully transfer through documentation alone.

6.2 Implications for Supervisors and Regulators

For supervisors and regulators, the framework offers a shared vocabulary that could be used to structure the integration plans banks are increasingly expected to submit as part of change-of-control or merger approval processes. A framework of this kind could also support more consistent supervisory assessment of integration plans across jurisdictions, reducing the risk that a plan judged adequate by one supervisor is judged inadequate by another, purely because the two supervisors used different criteria to evaluate it. Where a merger spans jurisdiction supervised by different authorities operating a formal or informal college of supervisors arrangement, the framework's matrix could additionally serve as a shared reference document within that college, reducing the duplication of effort that arises when each supervisor separately requests broadly similar integration status information in a different format. This would be consistent with the direction already signalled by the European Central Bank's emphasis on credible integration planning as a component of merger approval, extended to a genuinely multi-supervisor setting.

6.3 Implications for External Auditors and Advisers

External auditors and independent advisers engaged to provide assurance over a merger, whether at due diligence, Day One, or subsequent audit cycles, could use the framework matrix as a structured basis for scoping their work, since it specifies, dimension by dimension and phase by phase, what a well governed integration should have in place at each point in time. This would allow assurance work to be organized around the same structure integration teams themselves are using, reducing the translation effort currently required to map bespoke audit programs onto bespoke integration plans that vary from one transaction to the next, and making year-on-year comparison of audit findings across successive integration phases more straightforward.

6.4 A Practical Implementation Checklist

The following checklist operationalizes the framework matrix in Table 1 as a set of verification questions an integration team, compliance function, or supervisor could use to assess readiness at each phase. It is offered as a starting point for practical application and, consistent with the contingency perspective introduced in Section 3.5, should be adapted to the specific jurisdictions, institutions, and deal type involved rather than applied as a fixed checklist.

Due diligence

- **Regulatory harmonization:** has a jurisdiction-by-jurisdiction inventory of applicable prudential, anti-money laundering, sanctions, tax, and data protection requirements been completed for the target?
- **Governance integration:** have the target's board, committee, and delegated authority structures been assessed against the acquirer's own governance model?

- **Risk and control alignment:** have the target's risk appetite statement and control framework been compared against the acquirer's, with material gaps documented?
- **Cultural and operational integration:** has an initial assessment of the target's compliance culture and escalation practices been completed?
- **Technology and data integration:** have an inventory of the target's compliance-relevant systems and data flows been completed, including cross-border data transfer arrangements?
- **Stakeholder communication:** have all relevant supervisors in every jurisdiction where either institution holds a licence been identified?

Day One readiness

- **Regulatory harmonization:** have the minimum lawful requirements in every relevant jurisdiction been confirmed as met from the moment of completion?
- **Governance integration:** are interim delegated authorities and escalation lines documented and communicated to relevant staff?
- **Risk and control alignment:** are interim controls in place for every critical risk identified during due diligence, with an explicit retirement date for each?
- **Cultural and operational integration:** have baseline conduct and escalation expectations been communicated to staff of both predecessor institutions?
- **Technology and data integration:** are interim interfaces or manual workarounds documented and tested for every system not yet fully integrated?
- **Stakeholder communication:** have initial notifications and briefings been delivered to every relevant supervisor?

Stabilization

- **Regulatory harmonization:** is progress toward resolution of identified regulatory gaps being tracked against a defined timetable?
- **Governance integration:** are reporting lines and escalation procedures being refined based on early operating experience?
- **Risk and control alignment:** are interim controls being tested and calibrated, with results reported to a steering committee?
- **Cultural and operational integration:** is adherence to harmonized procedures being monitored, with friction points identified and addressed?
- **Technology and data integration:** are priority systems being migrated in planned stages, with continuity of controls verified at each stage?
- **Stakeholder communication:** is regular progress reporting being delivered to supervisors in every relevant jurisdiction?

Full integration

- **Regulatory harmonization:** has a single, harmonized regulatory position been achieved and documented across all relevant jurisdictions?
- **Governance integration:** is a unified governance structure operating, with jurisdiction-specific arrangements retained only where legitimacy or legal requirements dictate?
- **Risk and control alignment**: are a single control framework operating in place of the predecessor institutions' separate frameworks?
- **Cultural and operational integration:** is a shared compliance culture evidenced through consistent escalation and reporting behaviour across the combined entity?

- **Technology and data integration:** have the consolidated technology and data estate been verified as operating without reliance on retired interim workarounds?
- **Stakeholder communication:** has the relationship with each supervisor transitioned to a steady-state reporting cadence consistent with the combined entity's ongoing regulatory status?

7. Limitations and Future Research

This paper presents a conceptual framework developed from theory and literature synthesis rather than from empirical observation of completed mergers, and it has not yet been tested against actual integration outcomes. The framework's six dimensions and four phases represent one reasonable way of structuring a complex process, and alternative structures may prove equally valid or more useful in particular contexts, particularly for mergers involving more than two institutions or more than three jurisdictions. Future research should test the framework through case studies of completed cross-border banking mergers, through structured interviews with compliance officers and integration management office leads who have executed such transactions, and, where data permit, through comparison of integration outcomes, including subsequent supervisory findings or enforcement actions, between institutions that followed a structured, dimension-based integration approach and those that did not. Future work might also examine whether the relative priority of the six dimensions should vary systematically by deal type, for instance between a merger of equals and an acquisition of a distressed institution.

A second limitation concerns the framework's internationally oriented regulatory frame of reference. The literature and applied sources drawn upon in Sections 2 and 3 are weighted toward jurisdictions with well-established supervisory infrastructure, and the framework's assumption that a credible integration plan can be shared proactively with supervisors presumes a supervisory relationship characterized by a reasonable degree of institutional capacity and predictability on the supervisor's side. In jurisdictions where supervisory capacity, independence, or predictability is more limited, the stakeholder communication dimension in particular may need to be adapted, and future work applying the framework in such contexts should treat this adaptation as a research question in its own right rather than assume the framework transfers unchanged.

A third limitation is definitional. The boundary between stabilization and full integration, and the criteria for declaring either phase complete, are described in this paper in general terms, and a validated, more granular set of completion criteria, potentially varying by dimension, would strengthen the framework's practical utility as a monitoring tool. Developing such criteria would itself require the empirical case study work called for above, since appropriate completion criteria are likely to differ by deal type in ways that cannot be fully specified from theory alone.

8. Conclusion

Cross-border banking mergers place exceptional demands on the compliance function, requiring the reconciliation of divergent regulatory regimes within compressed timelines and under close supervisory scrutiny. This paper has argued that existing merger integration theory and existing banking compliance literature, while each valuable on its own terms, do not together provide a structured way of managing this reconciliation. Drawing on institutional theory, the resource-based view, organizational integration theory, and agency theory, the paper has proposed the Multi-Jurisdictional Compliance Integration Framework, organized around six compliance dimensions and four integration phases, as a conceptual tool intended to help integration teams, compliance officers, and boards plan, sequence, and monitor post-merger compliance integration more systematically. While the framework requires empirical validation, it offers a starting point for

both practitioners managing live transactions and researchers seeking to study post-merger compliance integration as a distinct field of inquiry within banking and financial regulation.

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