



Overcoming Technical Challenges in Post-M&A Consolidation

Hidden Risks: Why Integration Determines Banking M&A Outcomes

The banking industry is expecting a surge in mergers and acquisitions in 2025. With lower capital costs and more transparent regulatory processes, about 43% of U.S. bank leaders are planning to pursue acquisitions, marking a 35% increase compared to last year.

However, it's important to note that the real challenges often come after the deal is complete. Over half of bank executives –around 53%, identify integration as the biggest hurdle in realizing the full value of these deals. Let's take a closer look at the crucial role integration plays in the success or failure of banking M&A.



Integration; Banking's Achilles' Heel

When it comes to banking mergers and acquisitions, integration isn't just a routine step, it's often the deciding factor between success and costly setbacks. Banks that overlook the importance of this stage tend to run into issues like operational inefficiencies, customer loss, and compliance challenges.

Here's why integration can be such a complex process:

1 Complex Systems Slow Integration

Consolidating systems after a merger can take anywhere from six to 18 months, which can delay both operational improvements and enhancements for customers. The complexity of legacy systems, data quality issues, and differing infrastructure setups make integration more difficult and time-consuming. The initial planning and mapping phase can be extensive, especially depending on the size of the institutions, the age of their systems, and the variety of products and channels involved.

2 API Rationalization: The Hidden Challenge

When banks merge, they often find themselves dealing with incompatible technology stacks, especially when it comes to APIs. This can lead to redundant or outdated interfaces that aren't easily integrated. Rationalizing these APIs is a complex, costly, and time-consuming process. If not managed carefully, API integration can cause prolonged operational disruptions and frustrate customers –both of which threaten the strategic goals of the deal. Plus, different API versions can result in inconsistent customer data, making the integration even more complicated.



3 Legacy Systems and Personalization Issues

Today's banking customers expect highly personalized experiences. But legacy systems often rely on rigid, hardcoded rules for products, pricing, and eligibility. Post-merger, adapting these inflexible systems to meet new customer expectations becomes a significant challenge, requiring time, resources, and capital. Banks find it difficult to quickly unify their product offerings, whether that's implementing new pricing structures or launching targeted offers. Because making those changes involves extensive IT work and costly updates.

4 Product Proliferation and Compliance Chaos

Without careful oversight, mergers can lead to a range of overlapping products, often differentiated by only minor variations. This not only makes compliance more complicated but also raises operational costs and causes confusion for customers. The integration phase is especially vulnerable, as these overlapping offerings increase complexity and heighten the risk of regulatory missteps. With each bank bringing its own extensive product catalog, the inefficiencies and compliance risks only grow.

5 Increased Compliance Risks After the Merger

Maintaining accurate records and providing transparent disclosures are critical, but the chaos of integration often disrupts these processes. Fragmented data and inconsistent records can lead to customer disputes and even costly compliance breaches. Without a well-maintained, version-controlled audit trail, verifying past disclosures becomes a manual, time-consuming, and expensive task. This often forces banks to settle disputes rather than invest in thorough investigations.

Reimagining Integration: A Practical Path Forward

Naehas offers a strategic solution to these challenges that doesn't require banks to completely overhaul their existing core systems right away. Instead, our platform allows institutions to externalize key functions like product definition, pricing, disclosures, and compliance onto a unified, modular, cloud-based system. This approach helps reduce integration risks, speeds up time-to-value, and ultimately leads to a better customer experience.

With Naehas, banks can:

-  Reduce system consolidation complexity.
-  Eliminate redundant APIs through data unification.
-  Enable quick personalization without costly legacy system updates.
-  Rationalize product offerings efficiently, minimizing compliance risks.
-  Automate compliance tracking, significantly lowering manual effort and reducing disputes.



Moving Beyond Integration to Innovation

Effective integration isn't just about avoiding problems, it's about quickly positioning your bank for future innovation and better responsiveness to the market. At Naehas, we promote a 'hollowed-out' core approach that delivers immediate operational improvements, simplifies governance, and keeps your bank agile for whatever comes next.

Banks using our platform have seen faster integration timelines, greater operational efficiency, and enhanced regulatory transparency, all of which help build lasting customer loyalty and drive growth.

M&A integration doesn't have to be an Achilles' heel, instead, it can become a strategic advantage in today's competitive landscape.

To understand how Naehas transforms integration into a catalyst for growth, read the detailed insights in our latest white paper.

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