# Effect of Intangible Assets on Corporate Performance of Selected Commercial Banks in Nigeria (2012-2018)

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***Abstract:*** *This study assessed the effect of intangible assets on corporate performance of commercial banks in Nigeria. The objective of the study is to assess the effect of Goodwill (GW) and Computer Software (CSW) on the return on assets of commercial banks in Nigeria. Ex post Facto research design was employed, while panel data technique was used to test the effect of intangible assets on corporate performance using data from the audited accounts of nine commercial banks for the period of 2012-2018. The result of the findings revealed that Goodwill (GW) and Computer Software (CWS) which were the variables used had statistically significant effect on the return on assets (ROA). This implies that commercial banks rely on intangible assets in accessing the performance of the banks. It is therefore recommended that commercial banks should make intangible assets more productive by paying attention to Good will (GW) and Computer Software (CSW).*
***Keywords****: Corporate Performance, Computer Software, Goodwill, Return on Asset, Profitability*

## I.   Introduction
**Background of the Study**

It is a general belief that sustainability of business has become a major focus of corporate organizations with the intense competition in global trading today. There is therefore the need for the service industry to undertake structural changes by incorporating more technological content in producing high end products. Innovation and sustainability require research and development activities which give rise to intangible assets. Rufo (2017) observed that on the macro scenario, investments in intangible assets have grown rapidly among companies in the United States of America, Japan and Europe. Such growth has been amplified by intensified global competition, use of information and communication technologies, and adoption of new business models and prevalence of the service sector. Lee (2013) posits that intangible assets play vital role in the attainment of organization goal. Flignor &Orozco (2006) pointed out that intangible assets abound throughout the world, touching nearly all aspects of a company, from product development to human capital and staff functions such as legal, accounting, finance and line operations such as research and development, marketing and general management. Gamayuni (2015) opined that in the modern business era, intangible assets are vital strategic resources and extremely important in creating corporate value and improving company performance.

Intangible assets therefore play a significant role in the daily operations, the growth and expansion and consequently in obtaining steady profit. (Zhang and Guan, 2016). It is therefore important to have a proper valuation of intangible assets in order to know its real value vis-à-vis disclosure of information regarding it in the financial statement.

IFRS3 identifies Goodwill acquired in a business combination. This is outside the scope of IAS38 which does not recognize internally generated goodwill as asset owing to the fact that it is not an identifiable resource. IAS38 therefore defines intangible assets as an identifiable non-monetary item without physical substance. The main features of intangible assets therefore are:

 (i) It is identifiable ( ii) No physical substance

Financial performance is a measure of an organization's financial condition or financial outcomes resulting from management decision and carried out by organization members. Bayaraa (2017) posits that company performance is a measurement of what had been achieved by the company which shows good conditions for certain period of time. Financial performance is also seen as a part of financial statements which indicates the position of resources of companies during the period through the generation of revenue from resources available to it. Intangible assets such as Goodwill and Computer software are examples of such resources.

Profit demonstrates how well management is doing in investment and financing decisions. Profitability ratios therefore measure how effectively firm's management is generating profits on sales and total assets which

include intangible assets. This study is based on the IFRS definition of intangible assets by confirming what IFRS considers as intangible assets which therefore seek to draw the attention of stakeholders of banks like Managers, Investors and Government to the importance of intangible assets and to ascertain to what extent intangible assets can increase economic benefit to commercial banks in Nigeria.

**Statement of the Problem**

Rufo (2017) opined that business have recognized the importance of intangible assets in improving their financial performance, creating value and maintaining competitiveness. Yet, a number of corporate entities have remained indifferent about investing on intangible assets and recognizing their economic benefits.

Most of the assets recorded in financial statement of firms are the tangible assets; thereby overlooking the intangible assets. With the absence of recognition of intangible assets, some important factors to firm's potential return are neglected while tangible assets effects are over emphasized. Intangible assets are of value to the firm's future return, especially for the knowledge based firms such as banks (Haran, 2014). This study therefore seeks to ascertain to what extent intangible assets can increase economic value vis-à-vis corporate performance of commercial banks in Nigeria. Hence, the need examine the effect of intangible assets on corporate performance of selected commercial banks in Nigeria. Specifically, this study looked at effect of computer software on the corporate performance of commercial banks; as well as the extent to which Goodwill would affect the corporate performance of commercial. The following hypotheses were tested and stated in the null form:

$H_{O1}$: Computer software does not have significant impact on the corporate performance of commercial banks

$H_{O2}$: Goodwill has no significant impact on the corporate performance of commercial banks.

## II. Review Of Related Literature

**Intangible Assets:** Intangible assets are unique assets because they are knowledge based which are capable of giving uniqueness to an entity. Nijun (2017) describes intangible assets as the company's competitive advantage which is hard to imitate. Intangible asset as a factor of production plays an important role in company value creation process in order to compete successfully. Husnal et al (2013), Intangible assets reflect core competitive competence of firm's operation. Appelbaum et al (2017) is also of the view that intangible assets affect agility and business performance as well. IAS38 identifies intangible assets as an identifiable non-monetary asset without physical substance. Intangible assets are past transactions or events which have no physical form but seen as future economic benefits controlled by the entity.

The following are identified and categorized as intangible assets by IAS38: patented technology, computer software, licensing, franchise agreements trademarks etc. Intangible assets should be valued at cost and should appear in the balance sheet at cost less any amount written off from year to year. Intangible assets should be recognized if certain criteria are met; such as carrying amount And Disclosures regarding intangible assets in financial statements.

IAS38 published in 1998, revised in 2008 defines intangible assets as non-monetary assets without physical substance. Mausuri (2016) however pointed out that some intangible assets may be contained in a physical substance such as compact disk in the case of computer software, legal documentation in the case of a license or patent or film in the case of pictures. Cost of such physical substance containing the intangible assets though tangible in nature is commonly treated as part of the intangible asset. Intangible assets are assets which cannot be seen, touched and have no volume like tangibles but have right to future benefits. However, not all assets which lack physical substance are regarded as intangible assets such as account receivable, short term prepayments, though lack physical nature are classified as current assets and not regarded as intangible.

IAS38 also identifies one common characteristic of intangible assets to be the ability to benefit the firm beyond the current operating cycle of the business. Some intangibles like patent, copyrights relate to the creation of demand for the product; while items like trademarks and trade names reflect maintenance of the demand for the product. But Goodwill could relate to either of both. Some intangible assets are reported at acquisition cost. In accounting for the intangible assets, the following are to be considered; how acquisition cost of intangible should be determined and how disposal of such asset should be allocated to future accounting period.

Furthermore, Mansuri (2016) pointed out issues to be considered on acquisition cost of intangible asset if it is to be considered and developed within an enterprise; it is recorded at cost of labour and material consumed in the production, including the legal cost in securing and defending the exclusive right for the assets. If on the other hand, the intangible asset is acquired by purchase, it is recorded at purchase price. To classify intangible asset as an asset, Mansuri (2016) pointed out that expenditure incurred in developing intangible assets is usually not recognized as an asset; but only intangible assets acquired through market exchange from other firms is recognized as an asset.

**Goodwill**: Goodwill is defined in FIRS 8 as the excess of the cost of acquisition over group's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities of the acquired subsidiaries at the rate of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets.

**Computer Software:** Computer software enables a computer to perform specific tasks as opposed to the physical components of the system hardware. It increases efficiency and speeds up performance which builds Microsoft control on the global software marketing by their intangible assets such as trademark rights and software copyright.( Zhang & Guan 2010) Software acquired by the group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the group is able to demonstrate its intention and ability to complete the development. The capitalized cost of internally developed software includes all costs directly attributable to developing the software and capitalized borrowing cost and is amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment. Subsequent expenditure in software assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit and loss on a straight line bases over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefit embodied in the asset. The maximum useful life of software is five years.

**Corporate Performance**: The performance of management is often measured regarding profitability which reflects the manager's ability to earn optimum returns on assets at their disposal over a period. Oyedokun and Sanyaolu (2018) describes profitability as the ability of a firm to make profit from its operating, investing and financing activities to maximize the values and wealth of the shareholders. Lee (2013) pointed out that traditional performance measures have been based on the historical cost convention and they are insensitive to the time lags necessary for realizing the potential of capital investments. This poses some difficulty especially for the valuation of investment in intangibles which may take several years to reflect on performance. Mehta and Madhani (2008) posit that performance of firms is highly dependent on various forms of intangible assets such as customer and supplier relationship, performance or employees and brand quality. Corporate performance can be achieved on sales target, return on capital and profit performance which is the focus of this study. Financial performance is measured through the use of financial ratios through which the weakness or strength of the business operation can be determined.

**Empirical Review**

Nijun (2017) studies the relationship between intangible assets and financial performance of listed telecom firms in China based on empirical analysis. The data was based on 17 listed telecom firms' financial statements in China from 2014-2016. The study gives empirical evidence that the intangible assets' ratios have positive and significant effect on firms' performance, measured by Return on Asset (ROA).

Husnah, Bambang, Aisjah and Djumalir (2013) carried out a study on intangible asset (human capital and relational capital) competitive strategy and financial performance: study on Ratten SMEs in Palou city of Central Sulawesi (Indonesia). The method used in the study was explanatory survey method with 38 respondents who were owners or managers of Ratten SMEs. Primary data was collected through questionnaires and interviews. Method of Data analysis used was Partial Least Square (PLS). Result of the study indicates that human capital and relational capital does not directly affect financial performance, only indirectly affects organizational capital to improve financial performance.

Rindin (2015) tested empirically the relationship between intangible assets, financial policies and financial performance to the firm value at going public company in Indonesia. Path analysis was used to ascertain the relationship between intangible assets, financial policies, financial performance and firm value at going public company in Indonesia in the year 2007-2009. The study provided empirical evidence that intangible assets, financial policies, financial performance have significant influence to the firm simultaneously. Intangible assets had no significant influence to financial policies but had positive and significant influence to firm performance (ROA) and firm value.

Rufo (2017) carried out a study on the relationship between intangible asset and cash flows: An empirical analysis of publicly listed corporations in the Philippines. It examined the economic benefits derived by 140 (out of 264) publicly listed corporations in the Philippines with intangible assets shown on their financial statement from 2010-2013. Using the ordinary least square, cross-section regression method and panel regression, results showed that intangible assets impact significantly on total cash flow (91.07%) and cash flow investing activities (68.13%); Operating activities (29.56%) and financial activities (6.07%). Based on the scores, the study noted that the impact of intangible assets on cash flow is significantly different across these sectors: financial holding companies, services and industrial mining and oil.

**Theoretical Framework:**
**Value Theory**

Value theory was propounded by Adams Smith in 1738. He saw value as the general term assigned to indicate the relative prices of goods or services. Labour was seen as the most important measurement tool when considering value. This idea stems from the pre-monetary view of price where labour was exchanged for other goods. The basic assumptions of this theory are;

i.        The Utility Theory of value which sees price and value as to be solely based on how much use an individual receives from a commodity

ii.        Intrinsic Theory of value assumptions says that something has "in itself" or "its own sake" or "in its own right" for what it is or as an end.

iii.        The Labour Theory of value is an assumption that the amount of labour necessary for the production of a marketable commodity, including the labour necessary for the development of any capital used in the production process.

**Cost Theory**: This theory assumes that the price of an object or condition is determined by the sum of the cost of the resources that went into making it. The advocates of this theory are Brummet, Vroom and MacCrimmon (1968), Flamholtz (1985) and Tang (2005). The assumptions of this theory are:

i.        The Long run price of a commodity is equal to the sum of the inputs into that commodity

ii.        Supply factor is fixed

iii.        Cost comprise any of the factors of production including labour, capital or land

Under this theory, organization's investments on employees are measured using the costs incurred on recruitment, acquisition, formal training and familiarization, informal training and familiarization, experience, and development. The costs are amortized over the expected working lives of employees and unamortized costs (for example, when an employee left the firm) are to be written off. Models developed under this theory are historical cost method and replacement cost method.

Consequently, value theory advocated by Flamholtz (1971), Kaplan and Norton (1992), Belkaoui and Belkaoui (1995), and George (2005) is found most appropriate for the study of intangible assets and corporate performance because it meets the basic requirements of contemporary economy of value creation as foundation of corporate performance of company.

**Method of Analysis**

This study adopted the *Ex-post facto* research design because the study relied on historic accounting data. According to Agbadudu (2002), the justification for adopting *Ex-post facto* research is that it is a realistic approach to solving business and social science problems which involves gathering records of past events, analyzing the records and using the outcome of the analysis to predict future events. The study involved both time series and cross-sectional data, and as such relied on panel data techniques. The reasons for using panel estimation techniques includes: the availability of data across the sampled banks in Nigeria and panel empirical results are regarded as generalizable to populations not represented in the empirical tests.

**Sources of Data**

The required data were gathered from annual reports of the selected commercial banks for a period of seven years (2012-2018). What informed the choice of this period is the fact that these banks adopted and implemented IFRS treatment of intangible assets in 2012. Statement of comprehensive income and statement of financial position in the annual reports were considered important sources for data gathering.

**Model Specification**

In order to find the effect of intangible assets on corporate performance of the banks, the following research models were formulated in line with the study hypotheses:

$Y = a + bx$ -------------------------------------------- (1)

$ROA = \alpha + \beta CSW + \beta GWL + \varepsilon$ ------------------------- (2)

Where:

ROA= Return on Assets (corporate performance)

CSW= Computer Software

GWL= Goodwill

**Description of Model Variables**

This study has two key variables which relates to intangible asset and corporate performance of commercial banks. From the intangible assets perspective the variables are denoted by the computer software (CSW) and goodwill (GWL) of commercial banks while return on asset (ROA) is used as a proxy for corporate

performance of commercial banks. For the purpose of conducting the analysis in the current research, return on assets (ROA) was used as dependent variable while computer software (CSW) and goodwill (GWL) of commercial bank were used as independent variables.

**Return on Assets**

ROA is a financial indicator which measures the company's performance. This is chosen as one of the variables because it shows how profitable a company's assets are in generating revenue. ROA= Return on assets is measured as the ratio of net income to assets as:

ROA= Net Income

Assets

CSW= Computer software represents the expenditure on computer software. The natural logarithm of computer software was computed.

GWL= Goodwill represents the cost of goodwill. The natural logarithm of goodwill was also computed

## III. Data Analysis and interpretation

Data generated on the research variables were estimated using panel estimation techniques. The techniques used in data analyses involved the use of descriptive tests, diagnostic tests, panel regression tests and robustness test. Descriptive statistical tests were performed to determine the characteristics (mean, median, standard deviation, variance and graphical trend analysis) of the dependent and independent variables. The mean is the average value of the series which is determined by dividing the total value of the series by the number of observations. The standard deviation is a measure of spread or changes in a series of data. Graphical trend analysis was performed to ascertain the graphical relationship of the dependent and independent variables. Correlation test was an analytical technique used to determine the sign and strength of the relationship between the dependent and independent variables. Correlation test as part of descriptive indicates whether the relationship existing between independent variable(s) and dependent variable is positive or negative.

Diagnostic test carried out include normality test and heterogeneity test. Normality test was used to ascertain if the data set is well modeled by a normal distribution and to calculate how it is for a random variable characterizing the data set is to be normally distributed. Heterogeneity test was carried out to examine the cross-bank variations in the parameter estimates.

Baseline panel regression analysis was performed using pooled ordinary least square (OLS), random and fixed model effects estimation. These estimations were performed to determine the statistical significance of the hypothetical relationship between the dependent and independent variables. The Hausman test was employed to select the model (pooled, random or fixed effects) that best fits the study. Panel regression results were evaluated using the probability values of the t-statistic and the level/direction of the coefficients. The E-view statistical software 9.0 version was used in data analysis. The decision rule on the statistical significance of the results obtained was based on the probability values of the t-statistic

## IV. Results and Findings

Descriptive statistics test was carried out to examine the characteristics of the dependent and independent variables. The descriptive result is presented in the table below

**Table 1: Descriptive statistics result**

| | CSW | GWL | ROA |
|---|---|---|---|
| Mean | 5003.714 | 5858.000 | 0.086757 |
| Median | 3757.000 | 5673.000 | 0.100200 |
| Maximum | 18509.00 | 9792.000 | 0.114200 |
| Minimum | 0.000000 | 0.000000 | 0.000000 |
| Std. Dev. | 5778.626 | 2877.154 | 0.037094 |
| Skewness | 1.720792 | -0.744991 | -1.752769 |
| Kurtosis | 4.512339 | 3.158797 | 4.490116 |
| Jarque-Bera | 37.09565 | 5.893817 | 38.08677 |
| Probability | 0.000000 | 0.052502 | 0.000000 |
| Sum | 315234.0 | 369054.0 | 5.465700 |
| Sum Sq. Dev. | 2.07E+09 | 5.13E+08 | 0.085310 |
| Observations | 63 | 63 | 63 |

**Sources:** Descriptive analysis, 2019 from E-view 9.0 version

Table 1 above shows the descriptive statistical analysis between the dependent and independent variables. The mean is the average value of the series which is determined by dividing the total value of the series by the number of observations. The average percentage of return on assets (ROA) across the selected banks within the period under review (2013-2018) stood at 8.6%. This indicates that the volume of profitability among the banks is low. Profitability measured as return on asset has minimum and maximum values of

0.000000 and 0.114200. The goodwill (GWL) averaged 5856.00 over the study period. It implies that Nigerian banks might have taken advantage of the provisions of IFRS to over value its goodwill. The minimum and maximum values of goodwill are 0.000000 and 9792.000 respectively.

The value of computer software (CSW) stood at 5003.714 on average and this shows that computer software exert the high influence on the return on assets of banks in Nigeria. This suggests that banks in Nigeria spend greater part of their net income (profit) on computer software. Computer software has the minimum value of 0.000000 and the highest maximum value of 18509.00. The standard deviation is a measure of spread or changes in series of data. The standard deviation for CSW, GWL and ROA are 5778.626, 2877.154 and 0.037094 respectively. The value of computer software and goodwill both have an upward growth in standard deviation. This shows that rising costs and deployment of computer software and goodwill drives up banks' expenditure which might decrease the profitability of banks in Nigeria.

**Correlation Test**

The study used correlation test to ascertain the strength and magnitude of the influence of the independent variables on the dependents. The correlation test result is presented in table 2 below.

**Table 2: Correlation Matrix**

| | ROA | CSW | GWL |
|---|---|---|---|
| **ROA** | 1.0000 | | |
| **CSW** | 0.08320 | 1.0000 | |
| **GWL** | 0.09055 | 0.63299 | 1.0000 |

**Sources:** Empirical analysis, 2019 from E-view 9.0 version

The correlation test result in table 2 above indicates that CSW has positive relationship with ROA of banks in Nigeria. This is confirmed by the value of the coefficient estimate of 0.08320. This implies that computer software has direct relationship with return on asset of banks in Nigeria meaning that increase in the level of computer software cost leads to the increase in profitability of banks in Nigeria. The correlation test result also shows that goodwill (GWL) has positive relationship with the performance of banks in Nigeria. This is confirmed by the value of the coefficient estimate of 0.09055. This implies that goodwill direct relationship with the profitability of banks in Nigeria indicating that increase in the level of the probability of banks in Nigeria. Meanwhile, table 3 below presents the baseline regression results using Pooled OLS, Fixed effect model (FEM) and Random effect model (REM).

**Table 3: Panel Regression Results**

| Series | Pooled OLS (1) | FE OLS (2) | RE OLS (3) |
|---|---|---|---|
| C | 2.880425 [0.0055] | 2.681530 [0.0098] | 2.681530 [0.0095] |
| CSW | -9.904590 [0.0000] | -9.220671 [0.0000] | 9.220671 [0.0000] |
| GWL | 16.15489 [0.0000] | 15.03930 [0.0000] | 15.03930 [0.0000] |
| Observation | 63 | 63 | 63 |
| R-Squared | 0.817065 | 0.817065 | 0.817065 |
| Adj. R-Squared | 0.810967 | 0.781885 | 0.810967 |
| F-Value | 133.9926 [0.0000] | 23.22538 [0.0000] | 133.9926 [0.0000] |

Hausman Test = 0.0000            p-value = 1.0000
**Sources:** Empirical analysis, 2019 from E-view 9.0 version

In table 3, the study considered the pooled regression result, fixed effect and random effect ordinary least square (OLS) regression results. Observing this result, the study pools all the 63 observations together and ran the regression model, neglecting the cross section and time series nature of the data. It was found that the R-Squared value for the pooled regression model was       0.817065 indicating that 81.71% of the total variation in return on assets (ROA) of selected banks in Nigeria is explained by the explanatory variables such as computer software (CSW) and goodwill (GWL) were found to significantly influence on the return on assets banks in Nigeria. This is confirmed by their respective p-values [0.0000] and [0.0000]. The major problem with pooled regression model is that it does not distinguish between the various banks that are the sample. In other words, by combining different commercial banks by pooling, the heterogeneity or individuality that may exist among the nine selected banks is not considered.

In order to allow for heterogeneity or individuality among the banks to have its own intercept value; the fixed effect model (FEM) was applied. Fixed effect model was therefore applied because it is time invariant indicating that although the intercept may change across the cement companies, it however does not change over

time. The R-Squared value of 0.817065 indicates that 81.71% of the total variation in return on assets (ROA) is explained by the explanatory variable namely computer software (CSW) and goodwill (GWL). However, all the explanatory variables, computer software (CSW) and goodwill (GWL) were found to have significant influence on probability (PRF) as confirmed by their respective p-value of [0.0000] and [0.0000].

The random effect regression model was also applied in order to account for the unobserved effects in fixed effect model. The random effect model shows that the R-Squared value of 0.817065 indicates that 81.71% of the total variations in return on assets (ROA) are accounted for, by the explanatory variables, computer software (CSW) and goodwill (GWL). Furthermore, it was found that all the explanatory variable [computer software (CSW) and goodwill (GWL)] have significant influence on ROA as confirmed by their p-value of [0.0000] and [0.0000] respectively.

The study applied the Hausman test. The Hausman test was used to select the model (fixed effect or random effect) that will be mostly appropriate for estimation. Hausman test null hypothesis states that random effect model (REM) was appropriate while alternative hypothesis states that fixed-effect model (FEM) was appropriate. The selection of either fixed effect model or random effect model is based on the statistical significance of the p-value. From table 3 above, the Hausman test statistics p-value is [1.0000]. It implies that its p-value is insignificant because it is greater than 5% (0.05) chosen level of significance. Thus, the null hypothesis cannot be rejected. Therefore, it is concluded that random effect model was desirable for prediction.

The panel (random effect) regression result presented in table 3 above, reveals that computer software (CSW) and goodwill (GWL) significant impact on return on assets of banks in Nigeria. This result is in conformity with the apriori expectation that rising level of intangible assets affects the net income and profitability of commercial banks in Nigeria. The result shows that a unit increase in the value of computer software deployed in banks will lead to -5.10006 unit decrease in the profitability of banks in Nigeria. It is a strong indication of inverse relationship between computer software (CSW) and return on assets (ROA) of banks in Nigeria.

The panel (random effect) regression result presented in table 3 also revealed that goodwill (GWL) has positive and significant impact on return on assets (ROA) of banks in Nigeria. This result is in conformity with the apriori expectation that rising level of goodwill (GWL) brings about positive name which consequently affects the net income and profitability of banks in Nigeria. The result shows that a unit increase in the level of goodwill (GWL) will lead to 1.670005 unit increase in the profitability of banks in Nigeria. It is a strong indication of direct relationship between goodwill and return on assets of banks in Nigeria.

## V. Conclusion And Recommendation

**Summary of Findings**

Based on the analysis and hypotheses testing, the following findings were made:

i. Computer software has significant impact on the corporate performance (return of assets) of banks in Nigeria as at the 0.05 level of significance is greater than the p-value of 0.0000.

ii. Goodwill has significant impact on the financial performance (return of assets) of banks in Nigeria. This explains why the level of significance of 0.05 is greater than the p-value 0.0000.

**Conclusion**

This study has made its contributions to the field of intangible assets (GW and CSW) by targeting the commercial banks in Nigeria. The paper used quantitative data to conduct the research ad test two hypotheses. The result indicates that goodwill of commercial banks has impact on corporate performance (ROA) of banks. Furthermore, the study shows that corporate performance of commercial banks in Nigeria which was measured by ROA statistically influenced CSW which resulted from the current level of intangibles. Intangible assets significantly contribute to the high performance of commercial banks in Nigeria. Therefore the two hypotheses of the study have been confirmed. It can therefore be concluded that intangible assets in commercial banks significantly affects the performance of commercial banks in Nigeria. This implies that commercial banks in Nigeria rely on GW and CSW.

**Recommendations**

Based on the findings of this study, the following recommendations are proffered which may be useful to stakeholders and commercial banks in Nigeria.

i. The study found a statistically positive and significant impact of intangible assets on corporate performance. Commercial banks in Nigeria should therefore work towards increasing the value of goodwill in order to increase the profitability of banks.

ii. Commercial banks should increase investment in computer software so as to enhance their productivity and level of performance.

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