# CAPITAL INTENSITY AND STOCK RETURNS OF LISTED MONEY DEPOSIT BANKS IN NIGERIA

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## ARTICLE INFORMATION

## ABSTRACT

*The study investigated the effect of capital intensity on stock returns of listed money deposit banks in Nigeria. The study employed the ex post facto research design and was anchored on the signaling theory. It proxied capital intensity (the independent variable) using property plant and equipment, intangible assets and long term investments. Stock returns (the dependent variable) was measured using earnings per share. The study used a sample of ten (10) listed banks in Nigeria, which were purposively selected. The data collected and used for the study was for a period of 11 years from 2013 to 2023. The panel regression technique was employed in testing the hypotheses formulated. Descriptive and correlational analysis were also carried out. The major findings revealed that all the independent variables had negative effects on the dependent variable but only PPER was significant. The study concluded that increasing levels of investments in plant and machinery would lead to decrease in stock returns while intangible assets intensity and long term investments had negative but not significant effect on stock returns. Accordingly, it was recommended that: (i) banks should not increase in property, plant and equipment intensity as it would not affect their stock returns.*

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## 1.0 INTRODUCTION

No bank, like other firms, can operate without investing in assets, particularly non-current assets. The International Accounting Standards Board's conceptual framework for financial reporting specifies that assets are resources under the control of the entity arising from past events from which future economic benefits are expected to flow to the entity. International Accounting standards 16 (IAS 16) further described property plant and equipment as assets that can be seen and touched, under the control of the entity mainly for production or supply of goods or services or for rental to others, or for administrative purposes. Nangih and Onuora (2020) opined that non-current assets (such as property, plant and equipment, intangible assets, investment property, non-current prepayments and so on), constitute a major part capable of bringing about huge financial benefits to the entity. No wonder banks invest huge amounts in growing their non-current assets capacity.

The more entities make investments in non-current assets, the more they are seen to be more capital intense and that could have serious financial implications on the performance of the firm. Essentially, the term "Capital Intensity" describes the amount of cash or its equivalent invested in property, plant and equipment and other non-current assets employed in the operations of a business entity. It shows the ratio between non-current assets and the total assets of the firm. Arguably, the more capital invested, the more the firm is said to be capital intense and this will affect the firm either positively or negatively. It is of great importance, not only because it impacts on the financial situation of the company, but also affects the assets efficiency and its performance. Chukwu and Egbuhuzor (2017) again posits that given the huge investments mostly made by companies in tangible non-current assets (that is their capital intensity), it is reasonable and necessary to evaluate the returns from these investments periodically. Shahean and Malik (2012) remarked that capital intensity is the sum total monies invested by a firm in non-current assets.

Stock returns means the gains or losses of a firm's stock in the market in a particular period. It is a measure of an organization's earnings and appreciation in value as evidenced by the increase in the entity's worthiness in the market (Asimokopoulos, Samitas & Papadugonas, 2009). Some of the measures of stock returns include earnings per share, dividend per share, earnings yield, price-earnings ratio, book value per share, share price and dividend yield. They are indicators of what shareholders earn on their investments in the firm. It is believed that the evaluation of stock market performance of a business (banks inclusive) allows decision makers to judge the results of business strategies and activities in objective monetary terms as well as know the worth of the company in the eyes of potential and existing investors.

Arguably, there is a perceived link between capital intensity and stock returns. Such has generated a lot of debate among financial researchers and managers alike. For instance, Nangih and Onuora (2020) investigated the nexus between capital intensity and profitability of quoted companies in Nigeria. They used Oil and gas companies as the study population. The results showed that capital intensity affected profitability of such firms significantly and positively. They further concluded that firms with higher investments in non-current assets were bound to perform financially better than those with lower ones. Another study by Hồng and Cuong (2023) also studied the effect of capital intensity on firm performance of 230 manufacturing companies listed in Hong Kong in the period 2015 -2022 with 1,734 observations and the results indicated that capital intensity had negative relationship with financial performance. Other studies by Chukwu and Egbuhuzor (2017), Zhang (2017), Okwo, Ugwunta and Nweze (2012) showed contradictory results; necessitating durther investigations. Further, we are not aware of any that looked at the influence of capital

intensity on the net profit margin of listed banks in Nigeria. This study was meant to fill that gap and therefore forms our point of departure from previous researches. Specifically, the study intends to employ property, plant & equipment, intangible non-current assets as well as long term financial assets as dimensions of the predictor variable (being capital intensity); while earnings per share was used as measures stock returns (being the dependent variable).

## 2.0 Review of Related Literature

### Concept of Earnings per share (EPS)

This study employed earnings per share as a measure of stock returns. Earnings per share (EPS) is a key financial metric that evaluates a company's profitability by the average number of outstanding shares over a specific period (IAS, 33). Umar and Musa, (2013) posits that earnings per Share measures the efficiency of managers in the management of the firm's financial resources.

### Concept of Capital Intensity and Dimensions

Capital intensity refers to value of investments in non-current assets, both fixed and intangible. Capital intensity is defined by Cette, Lopez, and Mairesse (2016) as the quantity of fixed or real capital present in a firm in relation to other components of production, particularly labor within a firm, according to their definition. The measurement of capital intensity, however, presents a major problem. A large number of different measures have been developed and used in the literature. This study proxy capital intensity using property, plant and equipment; Intangible assets and long term investments as discussed below;

**Property, Plant and Equipment Intensity-** Property, plant and equipment (also tangible non-current asset) was used as one of the measures of capital intensity in this study. Property plant and equipment are long term in nature; and are not usually acquired for resale, from which the entity generates income directly or indirectly. They are assets with physical existence. Examples of property, plant and equipment are land and building, furniture and fittings motor vehicles, etc Chukwu and Egbuhuzor (2017) posits that the stock of tangible assets available to many firms will determine how well they will perform.

**Intangible Assets Intensity-** International Accounting Standards 38 *Intangible assets* defines intangible non-current assets as those identifiable nonmonetary asset without physical substance. They are resources of the firm which they derive economic benefits which do not have physical substance. They include patented technology, computer software, licensing, franchise agreements and trademarks, etc. Tsai et al. (2012) stated that intangible assets represent the future profitability and growth opportunities that promote increasing firm value. Erawati and Sudana (2005) revealed that intangible assets would affect the firm's financial performance which is reflected in firm's return and income.

**Long term investmentsIntensity-** Long term investments form part of non-current assets of a firm. They are investments that are not convertible to cash within one accounting period. Long-term investment assets on the statement of financial position are investments made by a company to help it sustain a successful and profitable future. Long term investment ratio is obtained by dividing the total long term investments by total assets of the company as contained on the statement of financial position. It indicates the percentage or ratio of long term asset to total asset. This means that it is a measure or an indication of capital intensity of a company.

## 2.2 Theoretical Review

Signaling theory was established by Michael Spence in 1973. When making decisions, individuals in organizations often have to rely on limited and unequally distributed information. Signaling theory aims to provide an explanation for how individuals are capable of doing so. This theory's main predictive mechanism is the concept of a "separating equilibrium," which is when expectations of a signal are validated through real-life experiences. The theory is also helpful in explaining behavior when two parties (individuals or organizations) possess varying information. In most cases, one party needs to decide how to convey information, while the other party needs to determine how to interpret it. Signaling theory is widely recognized and applied in various management literatures, such as strategic management, entrepreneurship, and human resource management. Although the application of signaling theory to organizational concerns has gained prominence in recent years, its core propositions tenets are not very clear. Michael Spence was originally credited with the theory of signaling in 2002. He proposed that where information asymmetry exists, it is always possible for people to signal their type, ability and capability, thus invariably transferring information to the other party and resolving the asymmetry.

The Signaling theory is relevant to this study because it highlights the issue of information asymmetry that can arise when financial statements are assumed to be creative. Therefore, users would need a clear and dependable financial statement that accurately reflects the entity's financial performance and position, enabling them to make informed and rational investment decisions.

## 2.3 Empirical Review

The following empirical reviews were made during the course of the study:  Hồng and Cuong (2023) examined the relationship between capital intensity and financial performance of 230 manufacturing enterprises listed on two stock exchanges, HNX and HOSE, in the period 2015 -2022 with 1,734 observations. The independent variable is capital intensity measured by the ratio between the total value of fixed assets and the total net revenue of the enterprise. The dependent variable is financial performance measured through the Tobin'Q indicator. Using descriptive statistics, correlation testing and multivariate regression analysis using OLS, FEM, REM models then comparing and finding the optimal model. The results indicated that capital intensity, financial leverage, and liquidity had negative relationship with financial performance, whereas company size has a positive impact on financial performance.

Egwu, Ohachosim and Itah (2023) on their part examined the effect of investments in property plant and equipment on the performance of quoted manufacturing firms in Nigeria. Secondary data were collected from annual reports of fifteen (15) sampled firms from 2012 to 2019. Data collected were analyzed using descriptive statistics, correlation and regression analyses. The empirical results revealed that the predictor had positive and significant effect on the return on assets (ROA) It was also revealed that intangible assets had positive and significant effect on the return on assets The study therefore concluded that the influence of tangible and intangible assets influenced financial performance of the manufacturing firms in Nigeria positively and significantly.

Nangih, Turakpe and Effe-Nnamdi (2023) carried out a study to investigate the effect of assets tangibility on market performance of listed firms in Nigeria. The study used consumer and industrial goods sectors as the population.  Ex post facto method was employed as the study design; and was anchored on the Resource based theory. It proxy assets tangibility using tangible and intangible non-current assets ratios; whereas market based performance was measured by earnings per share and market price per share. The study used 13 listed

firms as sample. The data collected were for the period of 2013 to 2022 and were analyzed using descriptive statistics, correlation and regression techniques. Findings showed that assets tangibility was significant in predicting market performance of firms at 5% significant level.

Sabetfar (2022) investigated the relationship between the investment effect and stock returns in Tehran Stock Exchange. The index information of 174 companies was collected during the period of 2009 to 2020. These 174 companies were divided into four very large, large, small and very small portfolios. The results showed that there is no relationship between asset growth and stock returns in the Tehran Stock Exchange in very large and small companies. According to the results, there is no relationship between the investment rate on assets and stock returns in large, small and very small companies in Tehran Stock Exchange. Only in the very large companies the second hypothesis was approved. There is no relationship between investment growth and stock returns in the very large and small companies of the stock market. But in the case of large and small companies, there is a relationship between investment growth and stock returns.

Ayodeji (2022) investigated the influence of capital intensity strategy of tax avoidance, and the moderating impact of profitability on corporate liquidity of quoted consumer-goods manufacturing firms in Nigeria. The population of the study was consumer goods firms. The sample consisted of 21 firms purposively selected. Data used for the study were generated from the companies' annual reports from 2013 to 2020. The results showed that the predictor was negative in relation to firm liquidity; but was significant. It was therefore concluded that capital intensity was necessary in order to sustain firms that were experiencing losses.

Nangih and Onuora (2020) investigated the nexus between capital intensity and profitability of listed in Nigeria. They used oil and gas firms listed on the Exchange as the study population. In their study, capital intensity was measured using property, plant and equipment, intangible non-current assets, non-current prepayments and investment property while profit margin was used as the measured of profitability. The study adopted the ex post facto research design. Hence data was collected for a period of five years from nine sampled companies that were purposively selected. The regression results showed that all the independent variables had significant positive effects on the profit margin, but not intangible non-current assets.

## 2.4 Hypotheses Development

In line with the specific objectives, the under listed null hypotheses were stated to guide the study thus;

$H0_1$: Property, plant and equipment do not significant affect earnings per share of listed money deposit banks in Nigeria.

$H0_2$: Intangible non-current assets do not significant affect earnings per share of listed money deposit banks in Nigeria

$H0_3$: There is no significant effect of Long term investments on earnings per share of listed money deposit banks in Nigeria

## 3.0 METHODOLOGY

In a bid to achieve the underlying objectives of this study, which is geared towards investigating the extent to which capital intensity affect stock returns of listed money deposit banks, the ex post facto research design was adopted. The justification for the adoption of the ex-post research design is because the data already exist. The population of this study

consists of all listed money deposit banks trading on the floor of the Nigerian Exchange Group. They are sixteen (16) of them listed as December 2023 ending. The sample size totaling ten banks was purposively determined based on firms with complete and available data on the variables of the study. Those with incomplete information regarding variables used for the study during the period review were excluded. This study employed secondary data, which was sourced from the annual reports of the sampled banks over an eleven-year period from 2013 and 2023. The data collected obtained by the researcher was analyzed using both descriptive and inferential statistics. The correlation analysis was also carried out in order to determine whether or not multi co-linearity exists between the explanatory variables. Before carrying out our regression analysis, some diagnostic tests were conducted to address those basic assumptions underlying the use of regression method of analysis. The decision rule was, if the probability value exceeds the desired level of significance of 0.05; the researcher accepts the null and rejects the alternate hypothesis. If otherwise, the researcher rejects the null hypothesis and accepts the alternative.

## 3.1 Model Specification

The model adopted in this study was adapted with some modifications; from the study of Nangih, and Onuora (2020). Their model expressed firm performance as a function of a set of explanatory variables, as follows

$$PRFM = \beta_0 + \beta_1 PPER + \beta_2 INTR + \beta_3 PPMR + \beta_4 INVR + \mu$$

Where, PRFM = Profit Margin,

PPER = Plant, Property and Equipment Ratio,

INTR = Intangibles Ratio,

PPMR = Prepayments Ratio,

INVR = Investment Property Ratio and $\mu$ = Error Term.

That model was modified and extended to suit this study thus:

$$STRN = f(PPER + INTG + LTIV + \mu).$$

This is further restated in a regression model thus:

$$EPS = f((PPER + INTG + LTIV + \mu)$$

This is further expressed in the econometric form as
$$EPS = \beta_0 + \beta_1 PPER_{it} + \beta_2 INTG_{it} + LTIV_{it} + \mu \qquad (1)$$
Where EPS = Earnings per share

PPER= Property plant and equipment intensity

INTG= Intangible assets intensity

LTIV= Long term investments intensity

$\beta_0$ = Constant;

$\mu$ = Error term;

$i$ = is the cross section of firms used;

t = Time period

**3.1 Operational Measurement of Variables**

| S/N | Variables | Description | Type | Definition |
|-----|-----------|-------------|------|------------|
| 1 | EPS | Earnings per share | Dependent | Profit after tax divided by number of ordinary shares of listed banks (Nangih & Onuora, 2020). |
| 3 | PPER | Property, Plant and equipment intensity | Independent | Total amount of property plant and equipment scaled by the amount of total assets indicated on the statement of financial position for each bank. (Nangih & Onuora, 2020). |
| 4 | INTG | Intangible assets intensity | Independent | Total amount of intangible noncurrent assets scaled by the amount of total assets indicated on the statement of financial position for each bank (Nangih & Onuora, 2020). |
| 5 | LITV | Long term investments intensity | Independent | Total amount of Long term investments employed by banks scaled by the amount of total assets indicated on their statement of financial position (Gamayuni, 2015). |

**Source:** Researcher's Compilation (2024).

**4.0 Analysis and Discussion of Findings**

The data were analyzed using both descriptive and econometric tools. These include descriptive statistics, correlation statistics, fixed effect panel, ordinary least square (OLS) regression statistical techniques thus:

**4.2.1   Descriptive Statistics**

Descriptive statistics provide information concerning the basic characteristics of the data, such as the mean, standard deviation, skewedness, kurtosis and normality, etc. They also enable the comparative assessment of the variables under study. The result of the descriptive statistic is shown in table 4.1.

**Table 4.1: Descriptive Statistics**

|  | PPER | INTG | LTIV | EPS |
|--|------|------|------|-----|
| Mean | 0.028156 | 0.004093 | 0.007663 | 2.572545 |
| Median | 0.025507 | 0.002182 | 0.000686 | 1.540000 |
| Maximum | 0.137381 | 0.043082 | 0.050863 | 19.07000 |

| Minimum | 0.002314 | 0.000000 | 0.000000 | -5.450000 |
| Std. Dev. | 0.017605 | 0.007257 | 0.012307 | 3.608879 |
| Skewness | 3.081035 | 4.275450 | 1.727843 | 2.535306 |
| Kurtosis | 17.54754 | 21.45964 | 5.024645 | 11.30019 |
| | | | | |
| Jarque-Bera | 1144.009 | 1896.933 | 73.52105 | 433.6025 |
| Probability | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| | | | | |
| Sum | 3.097145 | 0.450254 | 0.842910 | 282.9800 |
| Sum Sq. Dev. | 0.033784 | 0.005740 | 0.016509 | 1419.617 |
| | | | | |
| Observations | 110 | 110 | 110 | 110 |

Source: Author's Computation

From the results in Table 4.1, PPER, INTG, and LTIV averaged 0.028, 0.004, and 0.008 annually, respectively. They equally showed standard deviations of 0.018, 0.007, and 0.012, respectively, indicating wider variations in INTG, and LTIV. The wide margin between the means and standard deviations underscores the fact that the more spread out the data are.

Similarly, EPS also averaged 2.57, with standard deviations of 3.61. On the other hand, the skewness and kurtosis statistics indicate a highly skewed and peaky data distribution. Lastly, the Jarque-Bera statistics suggests that the data is not normally distributed, which is usually the case with panel data sets. Karadimitriou (2020) also re-iterated that data used for regression analysis does not necessarily need to be perfectly normally distributed for the result of such tests to be reliable.

### 4.2.2 Correlation Test

The correlation statistics for the variables in the model employed in this study is shown in table 4.2 below.

**Table 4.2: Correlation Matrix**

| | PPER | INTG | LTIV | EPS |
|---|---|---|---|---|
| PPER | 1.000000 | | | |
| INTG | 0.168534 | 1.000000 | | |
| LTIV | -0.027863 | -0.124158 | 1.000000 | |
| EPS | -0.329324 | -0.131006 | 0.100002 | 1.000000 |

**Source: Author's Computation**

In Table 4.2, it is revealed that PPER and INTG are negatively correlated with EPS whereas LTIV correlates positively with oh dependent variable. The results also show that there are no perfect correlations among the independent variables, thus suggesting absence of multi co-linearity in the model estimate.

### 4.2.3   Multiple Regression Test

The panel least square regression technique (Fixed & Random effect) was employed in determining cause and effect relationships existing among the variables in the model as indicated below. Before that the Hausman test was employed to select between fixed and random effect that is best to be adopted in the study. Details of the result showed that the Chi-Square statistics was 2.538458 with associated probability value of 0.4684. Given that the probability values are more than 0.05, the null hypotheses are rejected, thus, the results indicate that the random effects model is most appropriate for estimating both models.

**Table 4.4: Random Effects Panel Regression Test**

Dependent Variable: EPS

Method: Panel EGLS (Cross-section random effects)

Date: 10/30/24   Time: 09:36

Sample: 2013 2023

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 5.502466 | 1.059052 | 5.195651 | 0.0000 |
| PPER | -86.28048 | 20.60171 | -4.188025 | 0.0001 |
| INTG | -44.10416 | 42.90073 | -1.028051 | 0.3063 |
| LTIV | -41.77204 | 56.34029 | -0.741424 | 0.4601 |

| Weighted Statistics | | | |
|---|---|---|---|
| R-squared | 0.144197 | Mean dependent var | 0.760683 |
| Adjusted R-squared | 0.119976 | S.D. dependent var | 2.837540 |
| S.E. of regression | 2.661885 | Sum squared resid | 751.0769 |
| F-statistic | 5.953427 | Durbin-Watson stat | 0.748666 |
| Prob(F-statistic) | 0.000861 | | |

**Source: Author's Computation**

Results in Tables 4.4 reveal that the variables determine 12% of the variations in EPS. More so, all the predictor variables have negative effects on the dependent variable (EPS). By implication, it means that only 14.4% of the changes in EPS (the dependent variable) were caused by the independent variables in our model, leaving the remaining 73.6%, which would be accounted for other variables outside the model as captured by the error term.

The F-statistics measures the overall significance of the explanatory parameters in the model, and illustrates the appropriateness of the model used for the analysis while the probability value means the model is statistically significant and valid in explaining the outcome of the dependent variable. From the table 4.4 above, calculated value of F-statistics is 5.95 and its probabilities is 0.000861 which is less than 0.05. The study therefore accept the alternative hypothesis and state that there is a significant relationship between the variables. This means that that the parameter estimates are statistically significant in explaining the relationship in the dependent variable.

On the other hand, the coefficient and the t-statistics helps in measuring the individual statistical significance of the parameters in the model from the result report. The result as shown on the table 4.4 above reveal that only PPE have significant effects on EPS at 5% level of significance. This means that intangibles and long term investments have not contributed significantly to EPS at 5% significance level.

### 4.3 Testing of Hypotheses

The hypotheses and the results of the tests conducted are presented as follows:

*$Ho_1$: Property, plant and equipment do not significantlyaffect earnings per share of listed money deposit banks in Nigeria.*

The result of the tests, as shown in Tables 4.4, indicated t-statistics and p-values (in parenthesis) of -4.188025 (0.0001). Since the p-values of t-statistics is less than 0.05, the study rejected the null hypotheses and accept the alternative hypotheses. The negative coefficient value of -4.188025 revealed that PPER negatively influenced stock returns, the probability values revealed that the effect of PPER on stock returns of listed banks in Nigeria was statistically significant at 5% level.

*$H0_2$: Intangible assets intensity do not significantlyaffect earnings per share of listed money deposit banks in Nigeria*

The result of the tests, as shown in Tables 4.4, indicated t-statistics and p-values (in parenthesis) of -1.028051 (0.3063) . Since the p-values of t-statistics is greater than 0.05, we accept the null hypotheses and reject the alternative hypotheses. The negative coefficient values of -1.02805 revealed that intangible assets intensity negatively influenced stock returns, while the probability value revealed that the effect of Intangible on stock returns of listed banks in Nigeria was statistically not significant at 5% level.

*$H0_3$: There is no significant effect of Long term investments on earnings per share of listed money deposit banks in Nigeria.*

Similarly, the result of the tests, as shown in Tables 4.4, indicated t-statistics and p-values (in parenthesis) of -0.741424 (0.4601). Since the p-values of t-statistics are greater than 0.05, we accept the null hypotheses and reject the alternative hypotheses. The negative coefficient values of --0.741424 revealed that long term investments negatively influenced stock returns,

the probability values revealed that the effect of long term investments on stock returns of listed banks in Nigeria was statistically not significant at 5% level.

## 4.4 Discussion of Findings

The results between PPER and EPS showed a significant negative effect of PPER on the dependent variable. This imply that increase in PPER investments will result in a decrease in stock returns. These findings derailed from that of Chukwu and Egbuhuzor (2017), who dicovered a significant but positive association between plant and machinery and profitability of listed firms in Nigeria;but varies slightly from that of Okwo, Ugwunta and Nweze (2012), who found an insignificant effect of fixed assets on the profitability of brewery firms in Nigeria. The significant negative effect of PPER on financial performance could be due to the unproductiveness of the property, plants and equipment; since they do not generate any direct income to the firm.

Also from the results, the relationship between intangible asset intensity and all the dependent variable was also negative but insignificant; deviating also from the theoretically expectation. This implies that increase in intangible assets investment will result in a decrease in stock returns. This result is inconsistent with those of the findings of Zhang (2017) and Gamayuni (2015). The negative relationship between intangible assets investment and stock returns is hinged on the fact that intangibles, such as computer software, may be under or inefficiently utilized.

Lastly, the study also found an insignificant negative effect of LTIV on stock returns, as theoretically unexpected, which also implies that increase in long term investment will stimulate a reduction in increase in sock returns. The negative relationship between LTIV and stock returns is hinged on the fact that such investments may constitute a hold-up of a large chunk of firm resources, and may also be very risky ventures.

## 5.0 Conclusion and Recommendations

This study was undertaken to examine the effect of capital intensity on the stock returns of listed money deposit banks in Nigeria. The specific objectives of the study were to determine the extent to which intensity of investments in property, plant and machinery, intangibles, and long term investment assets affect the earnings per share of the selected firm firms in Nigeria. In line with the objectives of the study, three hypotheses were formulated. The study also explored conceptual, theoretical and empirical literatures on the relationship between the various capital intensity dimensions and stock returns. The study also utilizes data for the thirteen-year period from 2013 to 2023, which are analyzed using the fixed effect panel regression technique. The major findings made from the study were as follows: (1) all the independent variables had negative effects on the dependent variables but only PPER is significant; implying increasing investments in plant and machinery stimulate stock returns. (2) Intangible assets intensity and long term investments indicated negative effects on the dependent variable but not significant. Thus, the implications is that increasing levels of investments in intangible assets intensity and long term investments do not stimulate stock returns.

The study therefore concluded that: (i) increasing levels of investments in plant and machinery stimulate stock returns; whereas increasing levels of investments in intangible assets intensity and long term investments will not stimulate stock returns.

It was therefore recommended that; (i) banks should be increase in property, plant and equipment intensity in order to improve their stock returns. (ii) The study also recommended

that intangible assets intensity and long term investments should not be increased as such will not stimulate stock returns.

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