

A Study on The Performance Evaluation of MNC Banks in India

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ABSTRACT

With the liberalization of the Indian economy, the banking sector has opened its doors to Multinational Corporation (MNC) banks, bringing a wave of global practices, innovation, and competition. This study takes a closer look at how these foreign banks are performing in the Indian context. By analyzing key financial and operational indicators such as profitability, asset quality, capital adequacy, and efficiency, the study aims to paint a clear picture of their strengths and weaknesses. It also considers the strategies MNC banks use to adapt to India's regulatory framework and highly competitive environment. Using a comparative approach, the performance of selected MNC banks is evaluated alongside domestic banks over a specific time frame. Beyond the numbers, the study explores customer experiences, service innovation, and the role of digital banking in shaping their success. The findings reveal that while MNC banks excel in adopting new technologies and offering high service standards, they often struggle with regulatory hurdles and limited access to rural markets. In conclusion, the paper outlines how the presence and performance of MNC banks impact the broader Indian banking system and offers recommendations to improve their reach and efficiency. This study provides valuable insights for policymakers, financial institutions, and industry professionals seeking to understand and optimize the role of foreign banks in India's evolving financial landscape.

I. INTRODUCTION

Over the past few decades, the Indian banking sector has undergone significant growth and transformation, with Multinational Corporation (MNC) banks emerging as key players in this evolution. These global banks have brought with them advanced technology, financial expertise, and innovative banking practices, all of which have raised the bar for competition and service quality in the country. With their international experience and strong operational models, MNC banks have managed to carve out a distinct space in India's fast-paced and ever-changing financial landscape. As India deepens its integration with the global economy, the role and performance of these foreign banks have become increasingly important—both for financial stability and for the overall development of the sector.

This study takes a closer look at how MNC banks are performing in India, focusing on core financial indicators, customer satisfaction, and their overall contribution to the banking industry. By comparing them with domestic banks, the research sheds light on their efficiency, profitability, and market strategies. It also explores some of the unique challenges they face, such as navigating India's regulatory framework, understanding cultural nuances, and expanding their presence beyond urban markets. Evaluating the performance of MNC banks not only helps in assessing their long-term sustainability but also provides valuable insights into how globalization is reshaping banking in India.

II. LITERATURE REVIEW:

According to a study by Sahoo and Mathur (2010), foreign banks often struggle to align their global business models with the local needs of Indian customers, particularly in the areas of financial inclusion and credit access for the underbanked.

Das and Ghosh (2006) also noted that foreign banks, particularly those from developed economies, exhibit better performance in key financial indicators such as Return on Assets (ROA), Return on Equity (ROE), and asset quality when compared to Indian public-sector banks.

According to studies by Agarwal and Singh (2019), MNC banks have led the way in digital banking innovation, such as mobile banking apps and AI-driven customer services, which have helped them attract a more tech-savvy demographic.

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III. OBJECTIVES

1. To Measure Customer Satisfaction and Service Quality
2. To Compare MNC Banks with Domestic Banks
3. To Examine the Technological Impact of MNC Banks
4. To Explore the Challenges Faced by MNC Banks

IV. RESEACH METHODOLOGY

In this study, we used a descriptive research approach to guide how we collected data. We took two main routes: first, we gathered primary data through structured questionnaires to understand how employees felt about the topic, and second, we used secondary data from reliable online sources. The study involved a sample survey of 103 employees from the company. To make sense of the data, we used percentage analysis and visualized the results with bar charts. For deeper insights, we also applied statistical tools like the chi-square test and correlation analysis, all done with SPSS software

V. DATA ANALYSIS

1. Percentage Analysis:

Table showing the primary factor influencing the performance of MNC banks

Particular	Responses	percentage
Regulatory environment	21	20.4
Technological advancement	36	35
Customer satisfaction	28	27.2
All of the above	18	17.5
Total	103	100

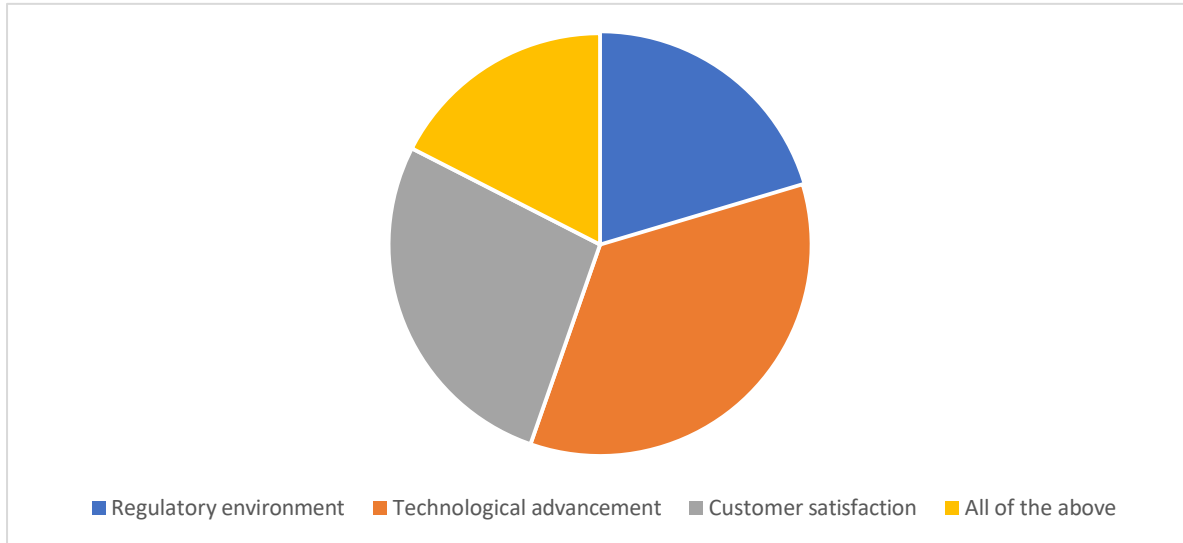


Chart showing the primary factor influencing the performance of MNC banks

INTERPRETATION

The table shows that technological advancement is the most significant factor influencing the performance of MNC banks, as identified by 35% of the respondents. This is followed by customer satisfaction, cited by 27.2%, indicating the growing emphasis on delivering quality service and experience. The regulatory environment is also seen as a key influence by 20.4% of respondents, reflecting the importance of compliance and governance. Interestingly, 17.5% believe that all of the listed factors collectively impact performance, suggesting that a balanced approach encompassing technology, regulation, and customer focus is essential for the success of MNC banks.

2.1 CHI-SQUARE

Chi-Square Tests

Value		df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.606 ^a	9	.181
Likelihood Ratio	15.937	9	.068
N of Valid Cases	103		

a. 11 cells (68.8%) have expected count less than 5. The minimum expected count is .12.

Age * What is your perception of the interest rates offered by MNC banks compared to domestic banks?

Crosstabulation

Count

What is your perception of the interest rates offered by MNC banks compared to domestic banks?

		About the same	Lower	Much higher	Slightly higher	Total
Age	18 - 24	20	3	22	27	72
	25 - 34	10	0	3	5	18
	35 - 45	4	0	0	5	9
	Above 45	3	0	0	1	4
Total		37	3	25	38	103

INTERPRETATION

The Chi-Square test ($\chi^2 = 12.606$, $df = 9$, $p = 0.181$) indicates no significant relationship between age and perception of MNC bank interest rates. The test's reliability is limited due to 68.8% of cells having expected counts less than 5. Descriptively, the 18–24 age group was more likely to perceive MNC rates as higher.

2.2 correlation analysis

Correlations

How satisfied are you with the customer service provided by MNC banks in India? | Have you used the bank's online banking services? If yes, how would you rate the experience?

How satisfied are you with the customer service provided by MNC banks in India?	Pearson Correlation	1	.377**
	Sig. (2-tailed)		.000
	N	103	103
Have you used the bank's online banking services? If yes, how would you rate the experience?	Pearson Correlation	.377**	1
	Sig. (2-tailed)	.000	
	N	103	103

** . Correlation is significant at the 0.01 level (2-tailed).

INTERPRETATION

The analysis shows a significant moderate positive correlation ($r = 0.377$, $p = 0.000$) between customer service satisfaction and online banking experience. This implies that better online service experiences are linked to higher satisfaction with MNC banks in India.

FINDINGS

- It was found that 31 respondents are Very good[30.1],36 respondents are good [36.9] 30 respondents are average [29.1] , 1respondents are poor[1]and 3 respondents are very poor[2.9]
- The Chi-Square test ($p = 0.181$) shows no significant association between age and perception of MNC bank interest rates. However, high expected cell count violations (68.8%) reduce the test's reliability.
- There is a moderate positive correlation ($r = 0.377$, $p < 0.01$) between satisfaction with MNC bank customer service and online banking experience. This suggests that better online banking experiences are associated with higher overall customer satisfaction.

SUGGESTION

Banks should focus on offering personalized services, loyalty rewards, and AI- powered insights to build stronger connections with customers. By adopting proactive customer relationship management (CRM) strategies, they can keep customers engaged and happy. Additionally, MNC banks should embrace eco-friendly practices like paperless transactions, supporting green projects, and investing in sustainable initiatives, which also align with their corporate social responsibility goals. On top of that, automating routine tasks and using cost-efficient technologies can help banks save money, boost profitability, and ensure long-term financial stability.

CONCLUSION

The study on MNC banks' performance in India sheds light on how well these banks are doing in terms of efficiency, profitability, and long-term stability. MNC banks have significantly influenced India's financial landscape by bringing in cutting-edge technology, innovative financial products, and solid risk management practices. Thanks to their global expertise and well-organized financial models, these banks consistently maintain strong capital buffers, lower non-performing assets (NPAs), and higher profitability compared to some domestic banks.