

Abstract

The banks channelize the domestic saving into the productive investment in achieving the higher economic growth by recognizing the areas of the investment to fund. The commercial banking system is contributing in the economic development of Pakistan. In the early 90's the two main public banks were privatized. After the privatization; new segment of private banks was established which led the changes in the banking in the financial products their features and marketing strategies. The step privatizes the banks created healthy competitive environment in the banking sector of Pakistan. In this modern era of technology and competition among the commercial banks of Pakistan facing the challenges particularly to retain the profitable customer. Today, the centre of attention of Pakistan banking sector is to build long term relationship with customer like the other industries of the country. The banks took all possible initiatives to build the long-term relationship with customer and to enhance the trust of the customer by understanding the financial needs of the customer and take initiatives to satisfy them. The concept of customer relation management function emerged or witnessed in the banking sector of Pakistan. This study is conducted to ascertain is any significant difference in the practices of customer relationship management (CRM) in the local and foreign banks of Pakistan. For this purpose, the simple Independent T-Test tool was used to find difference between the local and foreign banks with regard to the practices of the CRM. The research concludes that the foreign banks are more aggressively practicing on the concept of the CRM in comparison local banks. The study suggests that the banking sector must consistently adopt the CRM practices to retain the profitable customer, to build long term relationship with the customer.