

Banking sector all over the world facing immense competition and Pakistani banking sector is not an exception. It is an acceptable fact that acquiring new customer is more costly than retaining the existing customer. The researcher followed the same fact and developed the basic purpose of this research study that is to discover the major factors that affect customer loyalty, which is a focus of Customer Relationship Management (CRM) for overcoming high competition in the banking sector of Pakistan.

Although there are many aspects of Customer Relationship Management (CRM) in the banking sector, this research study focuses on its customer part. Understanding customers is the key to success of any bank. Banks having an in-depth understanding of their customers develop a better competitive edge over their competitors. The major focus of CRM is to not only to acquire new customers but also to retain the existing ones. This research study will help banks to build customer loyalty.

Every bank tries its best to acquire and retain their customers but due to increased competition and rapid improvements in technology, customers have quick access to thousands and thousands of products and services.

The researcher collected data from customers of banks with the help of questionnaire and for doing demographic, correlation, and regression analysis used SPSS software version 16.00. After detailed analysis and discussions, results of this research study indicate that identified factors do affect customer loyalty and their relationships with each other vary from bank to bank. These identified variations can help banks to overcome their existing weaknesses to develop better customer loyalty strategies.

The researcher identified factors of trust, perceived value, satisfaction, switching barriers, and culture that affect customer loyalty. After measuring relationships of these factors with each other, researcher responded to this research study's questions and hypotheses and developed a customer loyalty model for the banking sector of Pakistan for the mutual benefits of customers and banks. Furthermore, this research study's findings and recommendations contributes towards improvement in existing customer loyalty strategies of banks.

The researcher would also like to mention here that there is hardly any research study in Pakistan that has seen the affects of customer culture and customer trust on customer loyalty as the results of this research study indicate that these factors affect customer loyalty in the banking sector of Pakistan.