Indian banking industry in the present times is witnessing an ascent with innovative banking models like payments and small finance banks. In the years 2016 and 2017, eleven payment banks are expected to be launched. Independently, around ten small finance banks are likewise anticipated to be launched. RBI's recent and newer measures may go far in helping the rebuilding of the domestic banking industry. The market size of Indian banking industry is such that it consists of 26 public sector banks, 25 private sector banks, 43 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, alongside other financial institutions. Again, the public-sector banks have captured nearly 80 percent of the market, leaving relatively much smaller shares for the private players. Every bank, public or private, tries to acquire, keep and develop their customer base, and increase their profits expanding their market share. Customer Relationship Management activities aids banks in building relationships through effective interactions at every stage of their purchase repeatedly.

The upsurge of competition in the retail banking space coupled with the customers’ demand for Service Quality, forces the banks to understand the customers’ buying behavior. In order to achieve the corporate objectives of profitability and growth, it has become imperative for banks to capture deeper insights on the targeted customer segments. Understanding the needs of the customers and striving to achieve their obligation to the bank alone are no longer a priority. On the contrary, maintaining and retaining relationships with the existing customers is the major concern for the banks.
today. Satisfying the existing customers and retaining their loyalty puts the banks in a vantage position as they do not only make repeat purchases, but also engage in propagating positive annotations about the product experience reducing the impact of competitor’s marketing efforts.

The purpose of this thesis is to critically analyze the relationship shared between the banks and customers and the effectiveness of activities adopted by these banks. The data was collected from the state of Kerala. The population of the study included all the customers who had bank accounts in the various private (old generation and new generation) and public sector banks in the state of Kerala. The data analysis consisted of descriptive statistics including Means, Frequencies, Standard Deviations and Percentiles, t-tests, f-test (ANOVA), Correlation and Regression analysis and factor analysis. The Statistical Package for the Social Sciences (SPSS) 18.0 was utilized to break down analytic information of the gathered sample, performing the basic Structural Equation Modeling (SEM). Eventually, the general model fit was evaluated by analyzing the goodness-of-fit indices.

This critical study of CRM in retail banking in the state of Kerala, provided an understanding of the quality of service and different CRM activities adopted by retail banks, and factors that influenced the quality of service and various CRM activities leading to a satisfied customer.

**Keywords:** Public sector banks, private sector banks, customer relationship management, banking, service quality, Indian banking system.