ABSTRACT. Since the end of the war in May 2009 the Central Bank has approved new bank 45 branches to be setup in the Northern peninsula. Already 11 banks have commenced operations. Hence it is clear that a bank operation in the war affected area is booming. It is worthwhile to compare this operation by looking at the perspective of private bank and state bank. The purpose of this study was to find out how customer relationship marketing (CRM) can be sued as a strategy to compete in the market. This study found out how the concept of relationship marketing helps to increase the operation in the banking system. Primary data were collected from the customers of Peoples bank and Sampath bank through focus group discussion and interview. The Sample was 100 customers who visit once in a week at least. Most of the collected data analyses by qualitative methods to find out the Relationship marketing orientation of customers. Relationship marketing has been operationalized by using the model of trust and commitment (Morgan and Hunt 1994). It has found out there is a significance difference in “relationship marketing orientation” in state bank and private bank. Additionally it has revealed that most of the female customers preferred Customers relationship marketing (CRM) than male customers. Further it has disclosed there is an impact on duration which customers spend with the bank and CRM. This research will highlight the importance of relationship marketing practice in both private and the state banking sector. This research can be expanded in other areas of services in business to business as well as business to customer.

Key Words: Customer Relationship Marketing (CRM), Private and State Bank, Trust and Commitment, Customers.