



**THE IMPACT OF CSR PRACTICES ADOPTED  
BY COMMERCIAL BANKS IN SRI LANKA ON  
CUSTOMER ATTRACTION AND CUSTOMER  
RETENTION**

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## ABSTRACT

The concept of Corporate Social Responsibilities (CSR) is not new in the banking sector; meanwhile it becomes highly topical since the banks significantly recognize and highlight the needs and importance of establishment and integration of moral principles and on the other hand contribute to the social obligations in current scenario. Customer Retention is emerging as most critical and vital factor within the commercial banks in Sri Lanka and it having the great influence on the competitive advantage, improve profitability and market share. CSR is one of the best external marketing strategies that banks practicing in recent decades to obtain more attention and attraction from the customers in order to grab high marker share and retain customers within the banks. Thus, the research based on the four objectives; first it identifies the existing practices of the CSR activities. Second it explores the relationship between the CSR, Customer Retention and Customer Attraction. Then study aim to find out the CSR influence on the Customer Retention and finally it identify how Customer Attraction mediates the relationship between CSR and Customer Retention. Primary data collected through the distributed questionnaires, and sample included the 100 of selected five commercial banks' customers. Data were analysed using the descriptive statistic, correlation coefficient, regression analysis, Baron and Kenny mediator analysis method and Sobel test. Result interpretations clearly denote that there is a positive relationship between the CSR activities and Customer Retention. Mediator analysis and the Sobel test emphasised that customer attraction significantly and partially mediate the relationship between CSR and Customer Retention due to the unexplained variables. Moreover it provide the strength for the relationship, that commercial banks participate in more and more CSR activities that will directly lead to the customer attraction and through that banks can retain the customer within the bank. On the other hand research contribute to the theory while providing evidence that CSR having influence on attract new customers within commercial banks in Sri Lanka. Those findings and interpretations highly significant for the banks marketing managers of commercial banks in Sri Lanka to take the decisions regarding the areas they have to more focus on contributing for CSR practices and amount of money they have to be allocate for the CSR activities. Furthermore research provide detail description to the commercial banks, in what premises it better to implement CSR practices for enhance retention rate of the customers and to obtain more profits and success in near future.

**Key words-** *Commercial bank, Corporate Social Responsibilities, Customer Attraction Customer Retention,*