

ISLAMIC CREDIT CARD AND ITS APPLICATION IN SRI LANKA - A COMPARATIVE STUDY WITH MALAYSIAN & INDONESIAN MODELS

RESEARCHER

Ms. S.A.F. SAJNA

SEU/IS/10/IA (1)/012

IBO 051

2013/2014

SUPERVISOR

Mr. M.H.M. NAIROOS

SENIOR LECTURER G-II

DEPT. OF ISLAMIC STUDIES

FIA/ SEUSL

Abstract: Credit cards is one of the easy facilitation which is provided by financial institutions. Nowadays the demand for credit cards is increased because of safety and easy access to money. In this manner the model for Islamic credit cards has been introduced by scholars in the field to substitute the conventional credit cards. Islamic credit card has played a vital role in the development and success of Islamic banking all over the world, especially in Malaysia and Indonesia, those are the leading countries in practicing the Islamic credit cards on the basis of Shari'ah compliance contracts. At the same time, the conventional credit cards has achieved a significant growth among the Sri Lankan customers, where all non-Shari'ah banks have credit card facility. So there's a need to examine the possible application of Islamic credit cards by the Islamic banks too. The practice of Islamic credit cards is still debatable among the scholars especially regarding to its contracts and effectiveness. So, this research aims to analyze the legal view of Shari'ah on credit cards based on Shari'ah principles and to examine the possibility to introduce the Islamic credit cards in Sri Lanka in order to facilitate the customers' financial needs. The researcher has taken Malaysian and Indonesian Islamic credit card models to analyze the permissibility of contracts and to propose a suitable model for Sri Lanka. The data collected for this research are both primary and secondary sources. Primary data is collected by interview and discussion. Library references, books, journals, magazines, websites and any other banks related documents have been used as secondary data. Also this research is analyzed through comparative analyzing system. According to the data analyzed, the scholars are in different of opinions on the application of credit cards but the acceptable view is, it is permissible as long as to exclude any element of Riba. However, Islamic credit cards are still not applied by Islamic financial institutions of Sri Lanka because of some internal barriers that involved on it.

Keywords: Islamic credit cards, Islamic perspective, Application, Sri Lanka