

OPERATION OF ISLAMIC MICROFINANCE IN SRI LANKA: SPECIAL REFERENCE TO MUSLIM AID

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Abstract: Islamic Microfinance has been identified as an important tool in increasing the productivity of poor and help to economic development. The main objective of this study is to empirically analyze the operation of Islamic Microfinance in Sri Lanka. Thus Islamic Microfinance of Sri Lanka also faces remarkable operational challenges while growing fast in the nation. This is because of lack of financial techniques and human resources. The purpose of this research is to investigate operation of Islamic Microfinance in Sri Lanka. Therefore, this study examines the impact of selected operations and challenges in Islamic Microfinance and it practiced by Muslim Aid. A qualitative study is carried out which include personal interview, questionnaire and secondary data materials. Questionnaires are dealing with selected operation and challenges in Islamic Microfinance. The target population for this study considers the staff of Muslim Aid in Sri Lanka. A simple random sampling technique is used to select the respondents surveyed for this study. For data statistical analysis, the researcher applied Microsoft Excel and statistical package for Social Science (SPSS) 20.0 computer software package under which person Coefficient, Coefficient of determination and Regression analysis were calculated to analyze data. Findings indicate that there is a significant positive relationship between selected operations in Islamic Microfinance from the sample point of view. Customers are accepted the operation of the micro finance. The Muslim aid doesn't have a separate Shari'ah board yet. The study recommends for Islamic Microfinance staff working in market needs adequate training, motivate the staff, use the latest technological systems, government must invest in supportive financial infrastructure and appropriate Shari'ah supervisory board. The mission of Muslim Aid is to develop a potential Islamic bank in Sri Lanka.

Key words: Islamic Microfinance, Operation of Islamic Microfinance