

ROLE AND EFFECTIVENESS OF SHARI'AH SUPERVISORY BOARDS IN SRI LANKAN ISLAMIC BANKING INDUSTRY

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Abstract: this study is carried out under the topic "The role and effectiveness of Shari'ah Supervisory Boards in Sri Lankan Islamic Banking Industry". This study aims to identify the effective role of Shari'ah Supervisory Boards in Islamic Financial Institutions and would examine the current practice of Shari'ah Supervisory Boards in Sri Lanka. Furthermore, this study attempt to evaluate effectiveness of Shari'ah Supervisory Board in the context of Sri Lankan Islamic banking industry. This qualitative study have utilized the data collected from both primary and secondary sources to answer the research questions through content analysis method. Accordingly Primary data has been collected by semi structured interviews with individuals of Sharia Supervisory Board of Sri Lankan and discussions with other Professionals and officials of Islamic Financial Institutions. Secondary data has been collected from review of literature on Shari'ah governance of Islamic Financial Institutions from books, previous researches related to the subject, articles, official websites and annual reports. Findings of this study shows that the practices of Shari'ah Supervisory Boards of Sri Lankan Islamic banking industry are appreciable but they all need more efficiency. Further, the study believe that the Islamic banking industrial practices in Sri Lanka need more improvements in Shari'ah Supervision and guidance. Forming a national Shari'ah body to regulate the Islamic Financial Institution would be an effective solution for the existing issues. It is believed that this study would be beneficial for Shari'ah Supervisory Boards of Islamic Financial Institutions in Sri Lanka to improve their effective role in Shari'ah governance and also this study would be a useful reference for future researches in the relevant area.

Keywords: Islamic banking and finance, Islamic Financial Institutions, Shari'ah Supervisory Boards