

IMPLEMENTATION OF ISLAMIC BANKING BUSINESS THROUGH ISLAMIC WINDOWS IN AMPARA DISTRICT: IMPEDIMENTS AND CHALLENGES

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Abstract: Islamic finance is the fastest growing segment of the global financial system. The Islamic financial sector is now facing great demand worldwide. In Sri Lanka there is one and only fully fledged Islamic bank and four conventional banks that have Islamic windows. Those are Bank of Ceylon, Commercial Bank, Hatton National Bank and Muslim Commercial Bank. However, the Islamic banking industry has been facing a number of challenges in its practices. Thus, an Islamic banking window of conventional banks in Sri Lanka has also facing remarkable challenges while growing fast in the nation. This is because of lack of financial techniques and human resources. This study examined the selected challenges of Islamic banking windows of Conventional Banks in Sri Lanka. The purpose of this research is to investigate selected challenges of Islamic banking windows in Sri Lanka. Findings indicate that there are selected challenges are faced by Islamic windows of conventional banks in Sri Lanka from the sample point of view. Shari'ah based challenges, Awareness based challenges and Other common challenges are analyzed to interpret the results. Mostly it faces Lack of Shari'ah experts in Sri Lanka; lack of awareness among public is also a big challenge and competition with their counter parties. Currently competition is a major challenge to Islamic windows in Sri Lanka.

Keywords: Islamic finance, Islamic windows, challenges and growth