

Islamic Credit Cards and Its Possible Application in Sri Lanka: A Comparative Study with Malaysian & Indonesian models

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Abstract

Credit card is one of the easy facilitation provided by banks and 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 Shariah compliance contracts. At the same time, the conventional credit cards have achieved a significant growth among the Sri Lankan customers, where all non-Shariah banks have credit card facility. So there's a need to examine the possible application of Islamic credit cards by the Islamic banks too. So, this research aims to analyze 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, Islamic credit cards are still not applied by Islamic financial institutions in Sri Lanka because of some internal barriers that involved on it.

Key words: Islamic credit cards, Application, Sri Lanka, Malaysia, Indonesia.

Introduction

Islam is the religion of all times and places in terms of its flexibility. One of the clearest manifestations of this flexibility is in the field of transaction. That is based on "the concept of

permissibility in principal provided, that it does not involve prohibited objects”. Muslim jurist usually find no difficulty in arriving at a suitable ruling on any new development in such field.

The development of technology has enabled bank to issue product that satisfy the need of clients. Credit cards are one of the latest banking gadgets. It facilitates people to make transaction without carrying cash, since the credit card issuer pays the proceeds of the transaction on behalf of the buyer. Most goods and services can be bought either online or at the usual “brick and mortar” sales out lets by using these cards.

This convenience has led the widespread of credit cards. So, today the needed of the credit card becomes more important an essential in economy because in terms of its safety than holding cash money. Therefore, not only conventional banks interested to issue credit cards, Islamic banks which notably have to comply with the Islamic principles also start to come out with this product [manaweeniringjuerae].

By definition, a credit card is referred as the means of payment which involves the concept of buying first and paying later [yee et al, 2007]. For simplicity, credit card is best described as “buy now” and “pay later” option. Credit card extends the purchaser a loan that does not have to be paid off immediately. Unlike conventional note, credit cards allow one to perform a payment of a purchase without carrying out cash and it is likely important among modern individuals [Hanudin Amin, 2013].

Islamic credit cards are a form of Islamic banking product used to finance the purchase of “halaal” products on credit basis. Particularly, Islamic credit cards are governed by sharia principles and are subject to a detailed review by Shariah advisors of Islamic banks. This makes Islamic credit cards are particularly different compared to conventional credit cards.

In Malaysia, the Islamic credit card had been launched firstly by Bank Islam Malaysia in 2003, namely Bank Islam Card (BIC) used Bay al Inah as a contract. After that, on April 2009 HSBC Amanah launched the first Islamic credit used Ujr as a contract, namely MPower Credit Card-i. Meanwhile, in Indonesia, the Islamic credit card was launched in 2007 firstly by Bank Danamon Syariah, namely Dirham Card.

However, Islamic credit card is still not yet introduced by Islamic banking industry of Sri Lanka because of some inconvenience while The demand for credit card is increased because in terms of safety than holding cash money.

So, there is a need to examine the possibility to apply the Islamic credit card transactions among Muslim community in Sri Lanka in order to facilitate their transaction under shari’ah compliant manner. Based on that, this research, analyze the Islamic credit card environment of Sri Lanka. It will

look at Sri Lankan Islamic banking scenario on the credit cards, whether it's applicable or not. Also it will look at Malaysian and Indonesian Islamic credit card market regarding to its legal contract with the aim of proposing the suitable model for Sri Lankan Islamic banking industry. Finally this research will conclude with some recommendations and suggestions towards Islamic credit cards to be applied in Sri Lanka.

Problem Statement

Credit cards are very important in contemporary society. The need to use them has become a necessity in many circumstances although the safety consideration sometimes has to be compromised. The issue is in that whether Islamic law allows the usage of credit cards. If their usages are allowed, what are the contract models behind it? What is the suitable model for Sri Lankan Islamic banking industry? And what are the suggestions to be recommended for its application here? These are the three main problems are being examined based on the comparative look with Malaysian & Indonesian Islamic credit card models.

Research Questions

These problems are analyzed through these follow up questions:

- ❖ What is an Islamic credit card?
- ❖ Are there any possibilities to apply the Islamic credit cards in Islamic financial institutions in Sri Lanka?
- ❖ If it is yes, how it will be structured?
- ❖ If it is no, what are the suggestions and recommendations to be applied the cards in Sri Lanka?

Research Objectives

Major Objectives

- ❖ To analyze the possible ways to apply the credit card transaction in Islamic financial institutions of Sri Lanka.

Secondary Objective

- ❖ The secondary objective of this study is to make some Shariah based suggestions and recommendations to enhance its application among Muslim customers in Sri Lanka.

Literature Review

Most of the scholars have written about the Islamic credit cards. Especially Malaysian and Indonesian Islamic credit cards because they are the leading countries in exercising the Islamic credit cards very frequently. In order to make the research efficiently and effectively it must to refer the relevant researchers already done.

“Conventional credit card” is a variable repayment card which offers a line of credit to the credit holder who can spend up to a pre-arranged ceiling level. The extended credit must be settled within a given period or else. Interest will be charged on the remaining balance [Paxson & Wood, 1998].

Massey (2007), defined Islamic credit cards as a payment instrument that meet with at least three criteria of Islamic principles. Firstly, the card must meet the Shariah requirements on lending, which vary from region to region. In general, it must avoid the three essential prohibitions in Islamic finance which are: Riba, Gharar, and Maysir.

The Application of Islamic Credit Cards in Malaysia

Actually, some Islamic banks in Malaysia nowadays issue Islamic credits card using certain contracts such as Bay al Inah, Wadiah, Qard al Hasan and Ujr. There are no controversial among scholars regarding the using of Islamic credit card which uses the non-debatable contracts such as Wadiah, Qard al Hasan, Murabahah and Ujr. However, Islamic credit card especially which uses a controversial contract; i.e. Bay al Inah is still debatable among Islamic scholars. So in following sessions let’s review about some of the leading Islamic credit card operations of Malaysia from its various Islamic credit cards as mentioned below:

List of Issuer of Islamic Credit Cards in Malaysia

Bank	Product
Bank Islam Malaysia Berhad	Bank Islam Classic MasterCard/Visa Card-i Bank Islam Gold MasterCard/Visa Card-i Bank Islam Platinum MasterCard Card-i

CIMB Islamic Bank Berhad	CIMB Islamic Platinum MasterCard CIMB Islamic Gold MasterCard CIMB Islamic PETRONAS Gold MasterCard CIMB Islamic UKM MasterCard Gold
HSBC Amanah Malaysia Berhad	HSBC Amanah Premier World MasterCard Credit Card-i HSBC Amanah MPower visa platinum credit card-i HSBC Amanah MPower visa credit card- i
Maybank Islamic Berhad	Maybank Islamic PETRONAS Ikhwan Visa Gold Card-i Maybank Islamic PETRONAS Ikhwan Visa Platinum Card-i Maybank Islamic Ikhwan American Express Gold Card-i Maybank Islamic Ikhwan American Express Platinum Card-i Maybank Islamic Ikhwan Visa Infinite Card-i
RHB Islamic Bank Berhad	RHB Gold Card / Gold Card-i RHB Platinum Card / Platinum Card-i

Standard Chartered Berhad	Standard Chartered Gold Visa/MasterCard Card
Am Islamic Bank Berhad	Taslif Islamic Credit card

(Source: Maryam Nasuha Binti Hasan Basri, 2014)

This table shows clearly about the list of Islamic credit cards issuers and their products in Malaysia.

The application of Islamic credit card in Indonesia

The practice of Islamic credit card in Indonesia is quite different with Malaysia. This is because the contracts used in Islamic credit card are already decided by Dewan Syariah National Majlis Ulama Indonesia (National Shariah Council) with the issuance of fatwa No: 54/DSN-MUI/X/2006 concerning “Shariah Card”. On this fatwa, the council stated that Islamic credit card or Shariah Card is built based on three contracts: Kafalah (guarantee), Qard (loan) and Ijarah. Thus, all Islamic credit cards issued in this country must follow contracts which are already prepared.

According to this fatwa in Safrudin (2007), the general rules of Islamic (Shariah) Credit Card in Indonesia are:

- a. Shariah Credit Card has the same function with credit card that has a lawful relationship a between parties in any established jurisdiction, based on the principles of Shariah.
- b. The parties involved are the card issuer (Mushdir al-Bithaqah), card holder (Hamil al-Bithaqah) and card acceptance/ merchant (Tajir or Qabil a-Bithaqah).
- c. Membership fee (Rusum al-Udhwiyah) is the payment for using the services of card issuer.
- d. Merchant fee refers to the fee given by the merchant to the card issuer as the payment (Ujrah) of being the agent service (Samsarah), marketing (Taswiq) and billing payment (Tahsil al-Dayn).
- e. Cash withdrawal fee is the payment for using the facility of cash withdrawal (Rusumsahb al-Nuqud).
- f. Ta’widh is compensation payment for the card issuer resulting from card holder late payment.

- g. The late charge fee is the late payment cost to be charged to the cardholder which will be given to charity.

In Indonesia, Shariah Division of Bank Danamon (PT Bank Danamon Tbk) is the first Islamic bank in Indonesia which is launching “Dirham Card”.

Islamic Banking and Finance in Sri Lanka

Sri Lanka is one of the few non-Islamic countries to have legislation for the Islamic banking sector. Following amendments to the Banking Act No 30 of 1988 in March 2005, there is now adequate flexibility for conventional banks to establish Islamic banking windows and launch Islamic financial products. However, efforts in strategic marketing communication to promote and raise awareness of these products are still in the infancy stage.

Islamic finance was introduced in 1997 with the establishment of Amana investments. From there onwards the Central Bank of Sri Lanka has made crucial steps in improving the industry especially with the amendment of the Banking Act No. 30 in 2005 where it allowed licensing of Islamic banks and Institutions.

Islamic banking in Sri Lanka has been able to stir interest in all communal groups of the country. The current non-Muslim consumer market in Sri Lanka constitutes more than 20% of the total Islamic banking market share.

Sri Lankan Islamic banking assets would reach \$ 1.5 billion from the present \$ 250 million in coming years, says Amana Bank Chief Executive officer Faizal Salieh. Of the country’s 21.5 million people, about 8 % are Muslim and there is a strong demand for Islamic financial products from the Muslim population as well as from non-Muslims.

Though the local Islamic finance is still at a preliminary stage, it is developing. Local Islamic Finance industry would grow at a double digit rate over medium to long term and the growth is attributed to the increased awareness of faith based concepts and the internalization of the financial markets.

Islamic finance total assets in Sri Lanka account for 3 % of the total financial assets of the country, which is very small relative to those in neighboring Bangladesh and Pakistan, while total deposits and loans of local Islamic finance accounts for 5 %. Islamic Finance could play a key role in the development of infrastructure projects and the capital markets of the post war era of Sri Lanka. Amana Bank, Sri Lanka’s only full-fledged Islamic lender, plans to double its branches by expanding in rural areas, forecasting a six-fold growth in demand.

According to Central Bank sources, Sri Lanka has currently five non-Islamic lenders who are offering Shariah-compliant services through booths.

The Shukuk market has the potential to attract investors to finance projects such as roads, bridges, ports, airports and other activities in the country. Sovereign Sukuk is a means of attracting funds alternative to conventional sovereign bond.

However, lack of qualified professionals in the industry, not only in Sri Lanka, but across the globe has been the major problem faced by the industry and total workforce of the local Islamic finance is estimated to be around 1,500. (<http://www.dailynews.lk/2012/11/06/bus04.asp>)

5.5 Pioneer Islamic financial service providers in Sri Lanka

I. Fully pledged Islamic bank

- ❖ Amana bank PLC

II. Islamic banking windows at conventional sector

- ❖ BANK OF CEYLON, 'An-Noor' Islamic Banking Unit (<http://web.boc.lk>)
- ❖ COMMERCIAL BANK OF CEYLON PLC, 'Al Adhalah' Islamic Banking Unit (<http://www.combank.net/>)
- ❖ HATTON NATIONAL BANK PLC, 'Al Najah' Islamic Finance Unit

(<http://www.hnb.net/>)

- ❖ MCB BANK LTD, Islamic Banking Division (<http://www.mcb.com.lk>)
- ❖ LANKA ORIX FINANCE COMPANY PLC, 'Al-Falah' Islamic Finance Unit

(<http://www.lankaorix.com/>)

- ❖ LB FINANCE PLC, 'Al-Salamah' Islamic Finance Unit

(<http://www.lbfinance.com/islamic.html>)

- ❖ PEOPLES LEASING FINANCE LTD, 'Al Safa' Islamic Finance Unit

III. Thakaful companies (Islamic insurance)

- ❖ Amana Takaful PLC, (Takaful – General) (<http://www.takaful.lk>)
- ❖ Amana Thakaful PLC (Takaful -Life)

- ❖ Ceylinco insurance company, (Ceylinco Thakaful)

IV. Islamic microfinance service providers

- ❖ Al Baraka Islamic Investments (Pvt) Ltd
- ❖ Commercial credit

Islamic Credit Cards in Sri Lanka

As we analyzed above Islamic banking and financial industry has been rapidly growing in Sri Lanka. Multi sectarian Islamic financial services have been widely provided by Islamic financial institution of Sri Lanka as per the evidence shows above.

According to credit card industry, Islamic credit card is the alternative banking product introduced by Islamic financial institutions to substitute the conventional credit cards. Islamic credit card is still not yet introduced by Islamic banking industry of Sri Lanka because of some inconvenience while The demand for credit card is increased because in terms of safety than holding cash money.

So, there is a need to examine the possibility to apply the Islamic credit card transactions among Muslim community in Sri Lanka in order to facilitate their transaction under shari'ah compliant manner. Based on that, following sections analyze the Islamic credit card environment of Sri Lanka

According to the literature review most of the scholars have described their views of Islamic credit cards and its applications regarding to Malaysian model mostly. Here the researcher identifies the application of Islamic credit cards in Islamic financial institutions in Sri Lanka with comparing the Malaysian and Indonesian models of Islamic credit card.

Methodology

Data needed to undergo the research were collected through following two ways:

Primary Data

Primary data was collected through the following methods:

- ❖ Interview method
- ❖ Discussion method

The Interview method is one of the prominent data collection strategy and has been used in a wide variety of social movement studies. For this study semi-structured interviews were conducted with the Shariah scholars of some selective Islamic financial institutions of Sri Lanka to collect the related data. Semi-structured interviews allow the researcher to vary the sequence of questions as well as to

ask further questions whenever it is necessary. All interviewees were given the same questions in order to answer the research question of this study. The semi-structured interviews were conducted face to face and over the phone with shari'ah scholars. Also discussion was conducted with some senior shari'ah scholars in Sri Lanka based on this research topic to find out their views and opinion on Islamic credit cards.

Secondary Data

The secondary data was collected in the following ways:

- ❖ Various conventional and Islamic sources will be used as journals, books, internet and other important reports on the area will be consulted.
- ❖ Some relevant documents from banks will be referred to.
- ❖ Islamic banking publications, such as: magazines, newspapers, conference papers.

The researcher has used the qualitative, descriptive research methodology to review the topic. So this study was analyzed through comparative analyzing system. Malaysian & Indonesian Islamic credit card models were used to compare the validity of Islamic credit card models and to forecast some suitable models for Sri Lankan IFIs.

Conclusions and Recommendations

Objectives and Findings

Main objective of this study is to identify the possibilities to apply the Islamic credit cards in Islamic financial institutions of Sri Lanka. These analysis was conducted by collecting data through interview and discussion with some selected Islamic banks' shari'ah advisors and any other scholars in the field.

According to the analyzed data, the researcher can easily find out that the Islamic credit card system is still not applied in Sri Lanka because of some barriers involve on it. But there is a need among Muslim customers to be introduced this modern payment system by Islamic banking industry of Sri Lanka.

Need Analysis for Islamic Credit Card among Muslim Customers in Sri Lanka

Basically Islamic credit card is an alternative banking product to facilitate the financial transactions among Muslim customers and financial service providers.

When we look at the Sri Lankan Muslim customers' needs towards Islamic banking services, absolutely there is a demand among Muslim community on these kind of easy payment system (credit card). Because the many customers who are subscribing to the Islamic banking system they still have their conventional credit card with them. But the objective is to be with the Islamic

limitations. This means there is a need among Muslim customers of Sri Lanka to have Islamic credit cards.

Further, the Muslim customers as a human being, in the case of unavailability of cash in their hands they also need some alternative payment system to complete and fulfill their needs & wants in fairness manner. According to Shariah view, Islam considered this as a Maslahah (welfare) to the Muslim community.

Generally, there is a common view among Muslims that the credit card system is not valid in Islam because of its strong interaction with interest (Riba) based transaction. This is the reason to be avoided the credit card transaction by them. But in the case of introducing the fully compliance Islamic credit cards no doubt there is a heavy participation in the usage of Islamic credit card by Muslim community of Sri Lanka.

Additionally, Muslim community of Sri Lanka very commonly involve in trade (bai) industry than production nationally and internationally. Also they have a link with the international trade units. While the dealings and transactions with international units often made by plastic cards. so the Muslims of Sri Lanka have a critical need to be introduced and applied the Islamic credit card transaction in Sri Lanka. (Source: interview & discussion)

Barriers on Implementation of Islamic Credit Card in Sri Lanka

First of all, the product (credit card) itself has how to be structured is the main barrier. Because forming an Islamic credit card system on fully Shariah compliant manner is not an easy process. It is a critical process. Different countries use different contracts to apply the Islamic credit card transaction. Like Bai-al Inah in Malaysia, Qardhul Hassan, Ijarah, Kafalah in Indonesia and Mudharabah in the gulf. These contracts are not match to all countries according to different of banking & commercial behaviors. So identifying and forming the Shariah compliance contracts to implement the credit card transaction is the main issue and barrier to the Sri Lankan Islamic banking industry.

Another barrier is, local Islamic finance is still at a preliminary stage. So providing like these advance products to the Muslim community is not possible with comparing to another experienced and long standing conventional credit card market.

Internal infra-structure of the country is another barrier to implement the Islamic credit card system in Sri Lanka. Sri Lanka is one of the non-Islamic country that is practicing the Islamic banking and finance system on it. All process of Islamic banks should be conducted under observation of central bank of Sri Lanka. In the case of introducing or launching the new banking product by Islamic banks may be there are some pressures or threats which are the banks want to face on its operation by the political groups or conventional banking community.

Shortage of shari'ah scholars in the field is also an important barrier to introduce the Islamic credit card in Sri Lanka. This critical operation needs to have a detailed review and evaluation. Experts in the Islamic banking field only can conduct this operation without any inconvenience. But unfortunately in Sri Lanka there is no enough shari'ah scholars in the field of commercial jurisprudence and other related fields to successfully structure, implement, and review the Islamic credit card transaction within the Islamic banking industry.

Further, lack of clear explanation and knowledge of Muslim society of Sri Lanka about Islamic financial transactions also leads to create many challenges to introduce and implement a new Islamic banking product among Muslim customers in Sri Lanka. (Source: interview & discussion)

According to the detailed review by the researcher, these are the main barriers that the Islamic banking industry wants to face in implementing the Islamic credit card system in Sri Lanka

Conclusion

Credit card is one of the easy facilitation which is provided by financial institutions as an intermediation. Nowadays the demand for credit cards increased because of in terms of safety than holding cash money.

Islam is the way of life which is make the life become easier with its flexibility that does not involve the prohibited things. According to this flexibility Islamic credit cards are introduced by Islamic financial institutions as an alternative to conventional credit card system. This new product has play a vital role in the development and success of Islamic banking industry, especially in Malaysia and Indonesia. At the same time conventional credit card system has achieved a significant growth within the short period of time in Sri Lanka as an alternative to paper money. So there is a need to analyze the possibility to introduce the Islamic credit card system here.

So this study attempt to explain the possible model for execution of Islamic credit card in Sri Lankan IFIS as a comparative study with Malaysian & Indonesian Islamic credit card models in order to clarify the contracts behind it, as well as to examine the possibility to introduce the Islamic credit card system in Sri Lanka to facilitate the Muslim customers' transactions as mentioned above.

To find out the solution to the research problem the researcher collected the data through primary and secondary sources. According to collected and analyzed data the result of the study suggests the validity of credit card payment system with adaption of shari'ah compliance contracts. With concern of that, Islamic banks have created Islamic credit cards based on the following structures:

- a) Ujrah and Ijarah
- b) Kafalah

c) Qard

d) Bai al-Inah/ Tawarruk

Proposed Structure for Execution of Credit Card to Sri Lankan IFIs

This product will be a Hybrid product with the combination of Qard and Ijarah. The relationship between the bank and the cardholder at the time of issuing the card will be “Service Provider” and “the Customer” respectively where the bank will charge a flat fee for providing the service which is the issuance of the credit card. By using the card, the cardholder will be able purchase the goods and services at merchants who accept it and may withdraw cash for emergency.

Ujrah is the fee, will be charged to issue a credit card and to use of the card. The proposed fee for this model is to be in line with conventional credit card fee to attract the customers. The fee charged is not linked to the credit period or the amount/ limit and it is not only to provide credit facility in the future. The fee will be charged irrespectively whether the customer uses the card or not and whether he has credit balance in his account or not.

The relationship between the merchant and the bank could be Kafalah whereas the bank will not charge anything as a Kafalah fee or it could be merely the bank is issuing a legal tender which is the payment coupon signed by the customer. It is based on the AAOIFI view of that receiving the signed coupon by the customer, is a taking constructive position of price. Whereas AAOIFI recognized that the payment coupon signed by the customer could be a price which is the legal tender.

In case where the cardholder withdraws cash from ATMs, the relationship between the bank and the cardholder will be based on Qard.

If the card is used to purchase goods and services through POS (point of sale), the bank will pay the merchant on demand where the bank as a guarantor and the relationship between the bank and the cardholder will be based on Qard.

It has to be in mind that the objective of Sharia complaint credit card based on Qard/ Kafalah is services orientation only. It is not to earn money simply by granting a loan because Islamic bank cannot charge anything above the principal amount of the loan except actual expenses incurred in granting the loan. It is similar to service of Air filling is provided by fuel station in Sri Lanka where they don't charge a fee and normal water is offered as a free of charge at the restaurants. It is considered an additional service to the customers with cross selling of other products. In my view, the credit card should be applied in the same manner at IFI.

In Islamic financial transaction, there are many underline principles and concept laid down by Qur'aan and Sunnah. However, all these principles and concept are not to make money. There are some contracts only on voluntary and to assist each other such as Qard, Rahn, Iarah, Kafalah and etc.

Finally, this study recognize that, Islamic financial institution have huge potential to attract Muslim communities and those interested in ethical banking. This group of clients will be looking for a bank with a more moral approach that will offer those services at a similar level of quality and price. The issue of price is the real challenge for Islamic banks that cannot be disregarded and swept under the carpet. The time is right for entering new markets and this can only be done with products that are both Shariah compliant and price aware.

Thus Amana bank and other IFIs in Sri Lanka should take care prior to launching Shariah complaint credit card to reduce the credit risks from large-scale willful defaults. Finally, a hybrid model with innovative features is proposed in this paper for the feasible application. The ultimate objective of the proposed model is to develop such a system that will eliminate the prohibited interest form the entire economy.

Recommendations and Suggestions

The researcher would like to make suggestions and recommendations which may be taken from this study for future study either to enhance the study or as a basis for new, similar studies of other product and services as follows:

- ❖ Islamic credit card is a very popular product among Muslims today almost in all Islamic countries. So the scholars should provide it with clear advantages with the acceptance of Shariah and in a manner that to improve the welfare of the society.
- ❖ The Shariah experts in the field of commercial jurisprudence should develop models for the Islamic credit cards with regards to fully acceptable Shariah based contracts in order to reduce the conflicts about the nature of product among the Muslim society, such as: Ijarah (agency), Kafalah (guarantee), qardhul Hassan (interest free loan). As well as they should avoid from proposing the debatable contracts for applying the Islamic credit card system. Because it's lead to the contradictions and unconfident on Islamic banking products and services between the Muslim community. Such as: Bai al-Inah.

According to Sri Lankan IFIs to successfully introduce and implement the Islamic credit card system inside of the country they have to apply following ideas and suggestions as recommendations to enhance its effectiveness and efficiency.

- ❖ In order to get relief from internal infra-structural pressures on introducing the new product or service by IFIs, Muslim politicians and other related authorized groups such as: Jammiyathul Ulama, should provide their full supports and helps to the particular institutions to effectively implement those products and services in the country.
- ❖ Islamic banks have to develop and improve their strategies and policies in order to provide the new products and services to satisfy all the parties by adapting the new technologies.
- ❖ Islamic banks should give the awareness programs for public and especially their customers about the Islamic credit card system by issuing the handbills and make the prospectus including the Islamic banking policies. IFIs, Universities and private institutions have to conduct workshops, seminars and forums to provide clarifications about this product.
- ❖ Universities or any other educational service providers should offer various professional courses, diploma and degree programs in Islamic banking & finance to effectively create human resources in the field and to produce quality graduates with the dual specialization in order to suggest and introduce like this modern shari'ah compliance products in the country.
- ❖ Main and crucial drawback in the development of Islamic banking in Sri Lanka is lack of good customer service in branch sector. They have less staff and some staff have not enough knowledge about Islamic banking products. So there is a need to train the IFIs' work force and to improve customer services in all sectors on same lines of conventional services that will really helpful to develop new products like Islamic credit cards into the IFIs.
- ❖ Also Islamic banks should try to establish a national SSB in Sri Lanka for all IFIs such as sections 51-58 of the central bank of Malaysia act 2009, to avoid the confusion of the public on different fatwa by different SSB.
- ❖ Islamic banks should consult the Shariah experts in the field internationally in order to get their guidelines, ideas and to propose some suitable Shariah based contacts to implement the Islamic credit card system in Sri Lanka.
- ❖ Islamic banks should maintain a healthy relationship with international IFIs in order to adapt their new products and services like Islamic credit cards inside the country.

- ❖ Finally, Islamic banks should introduce the practice of Islamic credit card system in a new strategy. Such as, naming the product as “customer friendly” as an alternative name for Islamic credit cards which appreciates and encourages the customers to consume it without any confusion.

These are the some suggestions of researcher for this study as recommendations. The researcher did not review about effectiveness of Islamic credit cards with comparing to conventional credit cards. Therefore, future researcher may consider it.

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