

COMPARATIVE STUDY ON CUSTOMER SATISFACTION OF ISLAMIC AND CONVENTIONAL BANKING IN SRI LANKA

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Introduction

There are two banking systems that exist in Sri Lanka namely Islamic banking and conventional banking. Islamic and conventional banks formed a sustainable competition among banks to meet customers' expectations for long term welfare and benefits. The Islamic banks and conventional banks are distinguished on the basis of objectives, Riba and risk sharing practices. Islamic banks are doing their business based on the principal of Sharia'h law. Islamic banks generates revenue as profit that is flexible while conventional bank earns from the interest that is fixed; risk is shared among lender, borrower and bank in Islamic banks while conventional bank transfers the whole risk to others; Islamic banks is trade oriented unit while conventional bank works as a pure financial intermediary to covenant on the basis of interest. Islamic banks have great opportunities in several regions with a higher population of Muslims. Islamic banks are facing many challenges meantime increasing number of conventional and Islamic banks created a healthy competition for the delivery of quality products and service to retain satisfied customers for sustainable benefits but in the recent past, Islamic banks are booming with new products, services and braches to attract their existing customers and new customers. This is the outstanding growing of an industry still in the infancy stage of branding carries a significant message to the world that Islamic banking has indeed established a valuable alternative to that of conventional banks further understanding of the economic, social, and cultural background which underlies this growth necessitates further study and research.