

# **A COMPARATIVE STUDY ON LEASING IN SELECTED ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTION IN SRI LANKA**

## **RESEARCHER**

**Ms. A.S. ASMIYA**  
SEU/IS/05/IA/009  
IBO 009  
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## **SUPERVISOR**

**Mr. A. JAMALDEEN**  
SENIOR LECTURER G-I  
DEPT. OF ARABIC LANGUAGE  
FIA/ SEUSL

**Abstract:** Islamic Leasing has differentiated from Conventional Leasing. Some ways have adopted in its practice. But totally changes from Islamic concept. Financial and Operational Leasing have followed by both Islamic and Conventional Financial Institution in Sri Lanka. This research seeks to identify and clarify the controversial issues between Islamic and Conventional Leasing in order to help remove the misconceptions. It is due to incomplete and often distorted knowledge about Islamic Leasing that the civil society remains doubtful about the viability of such a system. As the civil society its lack of knowledge and conviction has limited the scope of the Islamic Leasing practices. One the society is convinced about the utility and unique of the system about Islamic Leasing practices will grow further in not only many Muslims but also Non-Muslim society. The transformation of the present interest based financial system into interest free Islamic system is one of the objectives exposed by many Muslims. The research is divided into five sections following this Introduction, Literature Review of Leasing which Islamic and Conventional has been given in section two. The survey methodology used in this study is presented in section three. In section four analyzes the data of the samplers and finally in section five presents the findings, conclusions and recommendation of the study. Customers have been good presumption in Islamic financial institution. The Islamic Financial Institutions have been more benefits than Conventional Financial institution. It is including no default and high expenses of services in its procedure. We considered that the reason of public's good perception on Islamic financial institution its benefits. Certainly, we have been accepted that the customers have been good perception in Islamic financial institution.

**Keywords:** Leasing, Islamic financial institutions, Conventional financial institutions