

CHALLENGES FACED BY MUDHARABAH DEPOSIT IN ISLAMIC FINANCE INSTITUTIONS IN SRI LANKA

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Abstract: Islamic banking deposits are fundamentally arranged differently, with shariah contracts like Qard, Wadiah, and Mudarabah being used. This research was carried out with the aim of identifying and reducing the challenges of Mudarabah deposit in Islamic finance institutions in Sri Lanka. The definition and practice of Mudarabah have been incorporated into the research. To better understand the challenges of Mudarabah, the researcher conducted a qualitative survey. An interview survey was used to collect primary data for the study. Three Islamic finance institutions were interviewed, each representing a different form of Islamic finance institution in Sri Lanka. The interview questions cover a wide range of topics. Which aimed to elicit the banker's thoughts, expectations, and attitudes toward the Mudarabah deposit's specific characteristics and challenges. In addition, at the conclusion of the study, this study met the study objectives. According to the findings, Islamic finance institutions face certain challenges when it comes to Mudarabah deposit. There are CBSL rules, dices return of profit, lake of awareness of Mudarabah deposit in customers and staff site, lake of technologies, non-Muslims deposit and etc.

Keywords: Islamic banking, Islamic finance, Mudarabah deposit, PSR