

# **ECONOMICAL EFFECTS FACE BY THE PUBLIC DUE TO THE DUE TO PAWNING SYSTEM OF CONVENTIONAL BANKS AND ISLAMIC ALTERNATIVES**

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**Abstract:** The conventional pawning system of the bank is very much essential and not preventable. Though pawning system instant support to households, it causes economical setbacks in future. This research focuses on the economic effect faced by the public in pawning system by the banks in Puttalam District. The objective of the research study is to identify pawning system and economical effects faced by the public in the conventional banks, Islamic methods as an alternative. To carry out research the primary and secondary data collection methods are adopted. So, the data are collected from questionnaires and interview as primary source of information. For secondary source of information records, magazines, journals, articles and websites. This research also identified interest system in the conventional banks, non-availability of interest free pawning system in Islamic banks and Islamic windows. helplessness on emergency. Zakat not properly distributed, poverty are the main root causes for that the effect of the economy to the public by the conventional banks. This research further recommends that, Islamic bank, Islamic windows initiating the interest free pawning system, mosques commence the pawning system, selling the Jewelleries without pawning, properly distribute the Zakat, provide the loan without interest for emergency would be the alternative for the economic effects faced by the public in the pawning system in the conventional banking system.

**Keywords:** Economical Effects, Pawning system, Islamic Alternative